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Pellmell Packaging Produces 'Gob Of Gook,' Wayne Says

Urges Standardization Of Forms And Check On Discounts

A program for identifying the components of package policies and keeping a check on the legitimacy of the discounts that are being allowed on the separate parts was advocated by Harold L. Wayne, general manager, at the annual meeting in Shawnee, Pa., of Inland Marine Underwriters Assn.

The industry is going much too fast and much too far with packages, he declared. The multitude of so-called multiple line package policies and the hundreds of variations that are being filed remind Mr. Wayne of the stuff that comes out of a sausage grinder.

Conceding that his program for keeping a record of the packages by parts will be greeted with "cries and clichés about paste pots and staples," nevertheless Mr. Wayne sees the present rush to package coverages as the reduction of beautiful, individual items of fruit "to an indivisible mass. Gone are its luscious and lovely components and in their place is a great big inedible and indigestible gob of gook."

IMIB Elects Haycock

The association reelected Mr. Wayne general manager and Joseph G. Bill assistant general manager and counsel, as did Inland Marine Insurance Bureau. T. B. Kelley of Commercial Union was reelected president of IMUA and R. T. Haycock of Travelers was elected chairman of the executive committee of IMIB. Mr. Haycock succeeds H. E. Soward of America Fore, who served two terms.

In addition to blasting the gimmick (CONTINUED ON PAGE 45)

McHugh Warns Regulators On Hasty Surplus Line Laws

Donald P. McHugh, counsel to the Senate anti-trust and monopoly subcommittee, warned insurance commissioners and the business that hasty enactment of state surplus line laws simply to act before Congress has the opportunity to do so would not necessarily keep the federal government out of this area.

He told a dinner meeting of American Society of Insurance Management in New York that some legislators believe foreign commerce to be exclusively under the jurisdiction of Congress.

He took exception to the attempt to secure quick passage of the law on the ground that his subcommittee is dictating such a course. If the legislation did needlessly restrict competition, the basic purpose of the subcommittee's work would be corrupted, he declared. (Details of Mr. McHugh's talk will appear in next week's issue.)

Long Ordered To Reconsider Tenn. Auto Rate Increase

Circuit Judge Douglas at Nashville has ordered Commissioner John R. Long of Tennessee to reconsider the filings of National Bureau and National Automobile Underwriters Assn. for automobile rate increases. The bureau had asked for an increase of 25%, NAUA one of 6%. When the commissioner turned down the filings, the bureau took him to court.

"The commissioner's action in disapproving said rate filings . . . and the reason given by him for said action are arbitrary, illegal and in excess of his jurisdiction and said action therefore is set aside," Judge Douglas ruled. He remanded the cause to the commissioner for further proceedings in accord with the law.

The judge stated that the commissioner did not give legal reasons for disapproving the applications. He ordered the commissioner to consider the merits of the filings and either approve them, or in case of disapproval, specify in what respects the filings do not meet the law's requirements.

The increases were filed Sept. 9 and the bureaus went into court Oct. 8.

\$5 Million Is Price Of Latest Stormy Midwest Weekend

Another round of storms in the mid-west last weekend caused nearly \$5 million damage, according to early estimates by General Adjustment Bureau. Texas, Oklahoma and Arkansas were also revisited by turbulent weather. The tornadoes, wind and hail were accompanied by floods, and this made it difficult for adjusters to enter the stricken areas and delayed reports.

Golfball-sized hail bombarded Wichita Sunday, causing damage estimated at \$2 million. National Board has assigned catastrophe No. 24 to this storm, which produced about 10,000 losses, averaging \$200. There will probably be another \$430,000 or so in losses from other parts of Kansas. Towns affected were Pittsburg, 1,200 losses, averaging \$200; Hays, 900 losses at \$150; and Colby, 450 losses at \$150.

Hail also produced losses at Kansas City, Mo., and nearby Wolcott and Lake Quivira, Kan., area. Dollar loss is expected to reach \$300,000 from 1,500 claims, averaging \$200.

Losses in Missouri may come close to \$1 million. At St. Louis, hail and gusts up to 50 miles per hour caused \$300,000 damage from 3,000 losses, averaging \$100. Other Missouri areas incurring damage are Springfield, Neosho and Jefferson City, 750 claims each

(CONTINUED ON PAGE 49)

Indiana Fire Figures Begin On Page 31

Develop Assigned Risk Plan For Use With Uniform Rates

The National Industry Committee On Automobile Assigned Risk Plans has developed an alternative uniform plan for states where it is desired to use uniform rates on automobile assigned risks, Richard C. Wagner of Assn. of Casualty & Surety Companies, chairman of the committee, announced in New York.

The alternative plan, designated plan B, provides for uniform rates and coverages and an equitable method of distribution of risks, he said. It is designed to reduce the populations of the plans, and correct the premium inadequacy existing in most plans.

Plan B provides for a separation of non-fleet private passenger cars from all other automotive risks and for the establishment of uniform rates for the non-fleet private passenger risks. Units of exposure will be used as a basis for distributing private passenger assigned risks. In the past, premiums generally have been used as the basis for distribution.

The alternative plan also has a system of graded surcharges for private passenger risks, using a point system based on accident and conviction records.

It includes a credit procedure for writing voluntarily male drivers under age 25, which is designed to reduce the population of the plan.

The AR committee has been in existence since 1947. It was formed at the suggestion of National Assn. of Insurance Commissioners. Members are Travelers, Hartford Accident, and North America representing the association, Liberty Mutual, Lumbermens Mutual Casualty and American Mutual Liability representing Mutual Insurance Rating Bureau, and Government Employees, Allstate and State Farm Mutual representing National Assn. of Independent Insurers.

Government Threat Grows, Haugh Warns Casualty Companies

Assn. Elects Herd President, Pullen V-P At Its Annual; Dorsett Gives Full Report

NEW YORK—For 50 years the insurance business has had to face ef-



J. Dewey Dorsett



C. J. Haugh

forts and threats by government to take over some part of the business, Charles J. Haugh, vice-president Travelers and retiring president of Assn. of Casualty & Surety Companies, told the association's annual meeting here. In recent years the threat of government invasion has grown.

Recently, he said, Atomic Energy Commission has afforded indemnity against the nuclear hazard to private licensees in areas where the nuclear pools are willing and able to perform and has afforded certain contractors complete indemnity against liability for damage caused by nuclear hazard. Efforts now are being made to extend government indemnity to private licensees operating as fuel fabricators, which creates the danger that existing insurance relationships will be disrupted. Also, proposals have been made to give National Aeronautics &

(CONTINUED ON PAGE 27)



Walter N. Tobriner, president District of Columbia board of commissioners, presents to representatives of Insurance Women's Club of Washington a proclamation designating May 10 National Insurance Women's Day. From left, the ladies of the Washington club are Mrs. Marguereta N. Carroll, publicity chairman; Mrs. Helen E. Bonnet, regional director-elect of the national association; Mrs. Mary P. Ford, president, and Miss Mary D. Junkin, president-elect.

Forecast Of Agency System Future In Canada Echoes Trend In U. S.

W. N. Wright, agency manager of Royal-Globe at Montreal, foresees varying fates for agencies of different sizes in Canada. His predictions were made in a talk at a meeting of Ottawa Insurance Agents Assn., where he gave an objective assessment of the future of the Canadian agency system.

Direct writer competition will force evolution upon the small agent in large centers who depends primarily on automobile and personal lines business, Mr. Wright noted. Many of these agents may ultimately represent one company. Conversely, large agencies are relatively untouched by direct writer competition and are likely to remain so, as long as the direct writers keep out of the "custom" trade.

The increasing complexity of the

custom business is likely to induce the bigger agencies to specialize more and to become bigger, thus widening the gap between the big agencies and the small within the agency system. There has been lots of evidence in Canada of this trend in the last few years, and many who still are known as agents are likely to operate as brokers in the years ahead, Mr. Wright declared.

Middle Group

There is an "in between" group of agents of middle-size in large population centers for whom the decision to go one way or the other in the future will be an almost impossible one to make, he continued. Such middle-sized agencies will not wish to give up their strongly independent status for an exclusive arrangement with one company, nor to relinquish their substantial portfolios of automobile and personal lines business, which is their bread and butter. They will not want to give up without a fight their industrial and mercantile accounts, which though fewer in number are nonetheless the source of a sizable part of their income and prestige. Accordingly, they will want to continue the fight against the big brokers for these lines, and will be prepared up to a point to face the additional cost of organization necessary to preserve their position.

It seems obvious to Mr. Wright that mergers between agencies of this cali-

bre will become frequent in order to fit themselves for the battle. But they will still have on their hands the auto and personal lines which they cannot handle economically in the same way as the custom business. It seems, therefore, that they will have to departmentalize, segregating the auto and personal business for handling by less expensive help, and fitting it into the streamlined marketing and billing methods of a minimum number of companies. This has been referred to as "operation in depth," and is commended as making the best of both worlds by applying professional skills where needed and economy treatment where necessary.

Agents in rural and sparsely populated places are not likely to be affected in the same way, or rather will be the last and least to be affected. But it seems there is likely to be a reduction in the number of small and part time agents in favor of more full time agencies in the larger rural centers. After all, communications are considerably easier than they were even 25 years ago, Mr. Wright observed.

Dedicated To System

Regarding the rapidity of agency system changes, much depends on how aggressively the direct writer competition invades the Canadian mass market. They have made rapid strides up

(CONTINUED ON PAGE 38)

No Family Cover On Undeclared Auto, Mo. Appeal Court Holds

A question which has been discussed since the family automobile policy came into existence in 1956—whether the contract automatically covers an automobile owned by the named insured at its inception but not declared and for which a premium is not charged—was answered negatively by the Springfield (Mo.) court of appeals in *Wise vs Strong*, 22 CCH (Auto 2nd) 400.

The circumstances in this case were somewhat unusual in that the named insured, F. L. Garver, bought two automobiles within six days and the accident involved in the suit occurred only two days after the second automobile was acquired and insurance went into effect. Garver bought a Nash on Dec. 6, 1957, and a Hillman Minx on Dec. 12. Travelers wrote liability insurance under the family policy on the Hillman. That car was described in the policy, a premium was charged for it and for it only and the statement in the declarations about the number of private passenger and utility automobiles owned by the named insured on the effective date of the policy said "one."

Involved In Accident

On Dec. 14, L. W. Strong drove the Nash with Garver's permission and was involved in an accident in which Marilyn Wise and another party were injured. They sued Strong. Travelers refused to defend Strong, on the ground that its policy did not cover the Nash, but only the Hillman. Strong then pleaded Travelers as a third party defendant. There was no question about Strong having operated the Nash with Garver's consent and thus being entitled to protection against liability from use of an automobile covered by the policy. The sole question was whether the Nash was covered as an "owned automobile."

Affirming a judgment of the Greene county circuit court in favor of Travelers, Judge McDowell seemed to base his opinion largely upon intent. Strong argued that the insuring clause of the family policy, unlike the basic automobile policy, covers liability from use of "the owned automobile" and the policy defines "owned automobile" as simply a "private passenger or utility automobile owned by the named in-

(CONTINUED ON PAGE 51)

Kemper Group Gets County Mutual Affiliate In Texas

Lumbermen's Mutual Casualty has completed arrangements to add a Texas county mutual to the Kemper group. Modern County Mutual of Austin has become affiliated with the Kemper companies. Its home office will be moved to Dallas where the group has a four-state branch office.

County mutuals are not bound to follow the rates promulgated by the Texas department, and thus are useful as an instrument for writing so-called substandard auto business. State Farm Mutual Auto and Dairyland Mutual have already adopted this system in Texas. There are only a few county mutuals in Texas and it is no longer permissible to organize them.

NAMIA Replies To Johnson Statement

William A. Stringfellow, general manager of National Assn. of Mutual Insurance Agents, has taken exception on behalf of his organization to a statement by H. Clay Johnson, Royal-Globe, at the recent Eastern Agents Conference and midyear meeting of NAIA's National Board of State Directors. Mr. Johnson appeared there for stock company interests.

Mr. Stringfellow's objection is to Mr. Johnson's allegation in his remarks to stock agents that mutual companies are among "those who would have you resist change and thwart the efforts of your companies to preserve the vitality of the American agency system."

Mr. Stringfellow pointed out that for 30 years, NAMIA has been made up of independent mutual fire and casualty agents, as devoted to the agency system as any other agents. "During this time," he said, "they have been sincerely and strongly supported by mutual agency companies, approximately 100 of which are now joined to form the Company Advisory Conference, an organization dedicated to cooperation with the association."

"The implication that mutual companies are any less supporters of the agency system than are stock companies is both incorrect and unfair," he declared.

"It is true" he added, "that the leading automobile writer in this country is State Farm Mutual. However, this company is strictly a captive agency company, and is in no way connected with the independent mutual agents who comprise NAMIA, nor the companies which support it. On the other hand, the second largest automobile writer—Allstate—is a stock company, but is also a captive agency company."

"It is our belief that Allstate's captive agency philosophy has as little influence over the independent stock agents and stock agency companies as State Farm's similar philosophy has over independent mutual agents and mutual agency companies. I sincerely hope that Mr. Johnson shares our belief."

His objection to Mr. Johnson's statement came in connection with a NAMIA resolution in opposition to elimination of prior approval provision from rate regulation. NAMIA has registered this resolution with the Gerber subcommittee of NAIC.

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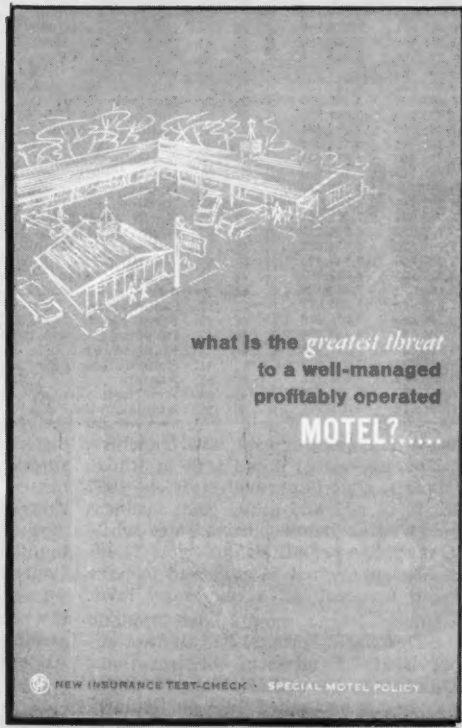
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R. I. Opposes NAIA Stand On D. C. Type Regulatory Laws

Directors of Rhode Island Assn. of Insurance Agents have adopted a resolution stating that the organization is not in agreement with the national association's position with respect to the type of rate regulatory law that has been proposed for District of Columbia. A special committee of Rhode Island agents appointed to study the matter recommended to directors that the association take no action whatsoever to oppose either the enactment of the proposed D. C. law or the fundamental principles of rate regulation incorporated therein.

The argument that if the D. C. law passes and states don't adopt it Congress would out the states from rate regulation, "is without merit," the committee reported. The facts show that states pay very little attention to what the D. C. laws provide.

As to the argument that no prior approval laws would provoke ruinous rate wars, the Rhode Island committee points out that presently, with prior approval in almost all jurisdictions, the business already is engaged in rate wars. Elimination of prior approval would not affect this situation one way or the other.

'Virtual Dictators'

Even in subsequent disapproval states, the committee said, it has become the practice informally to take up proposed rates in advance with commissioners rather than put them in effect only to have them disapproved later. To an extent the commissioners thus have become not regulators but virtual dictators over the business, too often governed by political considerations, especially when rate increases are badly needed.

The committee recalled that Rhode Island was one of the very few state associations that opposed the all-industry bills because they placed the business in a bureaucratic straitjacket. What has occurred since their enactment only confirms that the Rhode Island agents said would happen. Prior approval is harmful to the public and agents because it forces placement of a large volume of business with non-admitted insurers which are not subject to U. S. laws.

As to the argument that departments have been bureau-minded and have thrown road blocks in front of independents and deviators, the committee finds that exactly the opposite is the

Leading A&S Insurers By Premium Volume

Leading writers of accident and sickness insurance in 1960, by total premiums written and in individual business written, are shown in the tables below.

Compiled By A&S Review

The statistics were compiled by the Accident & Sickness Review for the annual Survey Number of this publi-

cation which contains figures for all companies writing A&S insurance.

In the Survey Number, a mix-up of column headings occurred in the ranking table of the 50 leading companies as to individual A&S premiums, so that the showing of premiums written for 1960 and 1959 appeared to show in the right hand column the claims incurred of each company. Correction

slips are available from the A&S Review, 420 East Fourth Street, Cincinnati 2, Ohio.

In 1960, the 50 leading companies in individual business wrote net premiums amounting to \$1,226,121,134, or 68% of all individual business. This was a 7% gain over the \$1.14 billion of 1959, and 19% more than the \$1.03 billion of 1958.

Leaders In Individual Business

'60 Ranking	'59 Ranking	Company	1960 Premiums \$	1959 Premiums \$
1.	1.	Mutual Benefit H. & A.	195,992,310	182,041,212
2.	2.	Bankers Life & Casualty	114,424,521	115,749,147
3.	3.	Prudential	99,134,232	86,119,809
4.	4.	Continental Casualty	90,842,284	80,955,178
5.	5.	Metropolitan Life	78,414,607	70,746,538
6.	6.	Reserve Life, Texas	52,578,149	53,346,341
7.	7.	United	49,809,831	49,486,869
8.	8.	Travelers	32,292,246	30,597,585
9.	10.	Combined	31,843,268	26,866,678
10.	9.	Washington National	28,699,356	27,846,265
11.	11.	Independent Life & Accident	27,007,677	25,389,480
12.	13.	National Life & Accident	25,733,022	23,629,204
13.	12.	Monarch Life	25,228,025	23,647,714
14.	14.	American Republic, Iowa	24,331,216	22,788,258
15.	15.	Paul Revere Life	22,300,115	21,129,716
16.	16.	Beneficial Standard Life	17,091,180	15,359,462
17.	17.	New York Life	14,533,624	12,632,275
18.	20.	North American L. A. & H.	14,184,730	12,176,549
19.	17.	Constitution Life	13,282,136	12,997,052
20.	19.	Massachusetts Protective	12,263,019	12,233,899
21.	21.	Provident Life & Accident	12,135,140	11,856,148
22.	23.	Aetna Life	11,734,067	9,929,905
23.	22.	World	11,269,164	11,280,115
24.	24.	Business Men's Assurance	10,440,911	9,673,240
25.	25.	Life of Georgia	10,312,645	9,390,552
26.	26.	National Casualty	10,273,115	9,267,929
27.	33.	American National, Texas	9,656,981	7,771,064
28.	29.	Benefit Assn. of Ry. Employees	9,586,671	8,722,760
29.	27.	Massachusetts Indemnity & Life	9,463,608	9,166,398
30.	37.	Lincoln National Life	9,317,264	7,442,593
31.	32.	Guarantee Reserve Life, Ind.	8,975,727	8,282,434
32.	46.	Guarantee Trust Life	8,786,106	6,751,354
33.	30.	Interstate Life & Accident	8,770,000	8,578,461
34.	39.	Connecticut General Life	8,335,345	7,364,266
35.	42.	Occidental Life of Cal.	8,170,370	7,120,586
36.	31.	Federal Life & Casualty	8,102,914	8,330,011
37.	34.	Woodmen Accident & Life	8,003,267	7,561,980
38.	28.	Pyramid Life, Kan.	7,798,229	8,014,217
39.	45.	State Capital Life	7,741,035	6,824,838
40.	36.	Inter-Ocean	7,737,650	7,447,603
41.	44.	Independence Life & Accident	7,512,765	6,894,189
42.	38.	Commercial Trav. Mut. Acc.	7,460,071	7,412,106
43.	40.	Pacific Mutual Life	7,375,408	7,351,872
44.	43.	National Bankers Life	7,290,495	7,076,886
45.	48.	Loyal Protective Life	7,104,169	6,453,774
46.	35.	United Benefit Life	6,762,029	7,517,143
47.	41.	Standard Life & Accident	6,624,448	7,314,459
48.	47.	Life of Virginia	6,592,991	6,533,762
49.	50.	Time	6,448,007	6,001,565
50.	49.	American Casualty	6,354,974	6,077,724

Total Premiums

Ranking '60 '59	Company	Premiums Written \$	Claims Incurred \$
1.	1.	Metropolitan Life	449,975,062
2.	2.	Aetna Life	368,892,979
3.	3.	Travelers	326,540,874
4.	4.	Prudential	302,480,017
5.	5.	Mutual Benefit H. & A.	234,366,833
6.	6.	Equitable Society	229,615,009
7.	7.	Continental Casualty	186,112,234
8.	8.	Connecticut General Life	128,275,281
9.	9.	Bankers Life & Casualty	124,019,422
10.	10.	John Hancock Life	98,482,018
11.	11.	Occidental Life of Cal.	92,227,689
12.	12.	Provident Life & Accident	83,513,367
13.	13.	New York Life	73,876,906
14.	14.	Benefit Assn. of Ry. Employees	52,763,456
15.	15.	Lincoln National Life	51,987,081
16.	16.	United	50,082,570
17.	17.	Washington National	48,999,709
18.	18.	Continental Assurance	47,562,708
19.	19.	Pacific Mutual Life	40,544,658
20.	20.	Union Labor Life	35,695,841
21.	21.	Liberty Mutual	35,445,362
22.	22.	Combined	31,843,268
23.	23.	General American Life	31,424,636
24.	24.	California-Western States Life	31,226,533
25.	25.	Paul Revere Life	29,930,963
26.	26.	Great-West Life	28,907,167
27.	27.	Benefit Assn. of Ry. Employees	27,981,917
28.	28.	Business Men's Assurance	27,311,920
29.	29.	Monarch Life	27,196,463
30.	30.	Independent Life & Accident	27,007,677
31.	31.	National Life & Accident	26,734,187
32.	32.	Bankers Life of Iowa	26,212,835
33.	33.	National Casualty	24,836,960
34.	34.	Massachusetts Mutual Life	24,636,131
35.	35.	American Republic, Iowa	24,331,216
36.	36.	Hartford Accident	21,694,849
37.	37.	North American L. A. & H.	19,944,991
38.	38.	Republic National Life	19,271,170
39.	39.	Nationwide Mutual	17,947,749
40.	40.	Mutual Life of New York	17,290,280
41.	41.	Beneficial Standard Life	17,154,474
42.	42.	Zurich	16,871,903
43.	43.	Lumbermen's Mutual Casualty	16,816,588
44.	44.	Pilot Life	16,706,215
45.	45.	Indemnity of North America	16,454,125
46.	46.	State Mutual Life	15,901,208
47.	47.	Constitution Life	15,625,143
48.	48.	Allstate	14,795,759
49.	49.	American Casualty	14,508,281
50.	50.	Amalgamated Life	14,126,361

case. Bureaus have been held to a much greater degree of proof than independents or deviators. Judgment factors are permitted much greater weight in the filing of independent rates and deviations than are permitted bureaus. Too often the judgment of the commissioner has been weightier than that of the insurer, which has brought the business to the point of dictation rather than regulation.

Elimination of prior approval is most desirable on the score alone that state insurance departments are ridiculously poor in money and personnel. Also, the committee finds it illogical to argue that insurance should be treated like public utilities, since no insurer

has a monopoly or exclusive franchise.

The committee noted that in Rhode Island, a prior approval state, in 1957 25.5% of fire and allied lines business was written below bureau rates while in the same year the figure was 24.6% in Missouri, which is supposed to have much less restrictive regulatory laws.

Rhode Island agents also applaud the D. C. bill's proposal to tighten supervision of advisory organizations. There is a "terrific attempt" under way in fire and allied lines particularly to enforce absolute uniformity in all rating jurisdictions as to forms, rules and rating methods, the committee charged in its report. Rhode Island agents point out that one of the real arguments for state regulation is the

difference in conditions affecting insurance state to state. Yet, the committee suggests, policy making decisions in the fire rating field are being made by advisory organizations, particularly Inter-Regional Insurance Conference.

Carleton I. Fisher was chairman of the committee, with Robert S. Preston and Howard R. Chase Jr. as members. All are of Providence.

Northwestern Mutual Appoints

James Raulerson has been promoted to district claims manager at Atlanta, Ga., by Northwestern Mutual. He was formerly adjuster for the company at Onatario, Cal.

MAY 1961—SELECTED POSITIONS—CHOICE ORGANIZATIONS—JUNIOR TO EXECUTIVE LEVEL

N471 New York Fire Actuary\$18,000	N487 PENNA.—REINS/ACCTS. EX. \$15,000 Age to 42, College degree, ten yrs. production experience, emphasis on reinsurance.	N490 M. WEST—INDUST. RISK UND. MGR. \$16,500 Age to 45. College degree mandatory. Min. 10 years H.O. large risks under. admin. exp.	N479 New York Cas. Actuary\$15,000
N472 Minnesota Cas. Clms. Mgr.\$14,000	N488 EAST—ELECTRONICS SUPV. \$13,500 Age to 40. College degree. Min. 7 yrs. Ins. Co. electronics exp.	N491 EAST—REINSURANCE ACTUARY \$13,000 (Not New York City) Age to 40. 3 to 5 exams. Position with diversified duties.	N480 Pennsylvania Research Mgr.\$14,000
N473 Chicago Fire Mgr.\$13,500	N489 MID-ATL.—JR. METHODS ANALYST \$8,000 College degree. Age to 35, Minimum 7 years insurance Co. systems background.	N492 LEGAL DEPT. ASST. \$8,000 Age to 32. Highly recommended to young man with legal degree desirous of legal position apart from claims.	N481 Missouri Cas. Prod. Mgr.\$10,000
N474 Philadelphia Bond Supv.\$10,000			N482 Oklahoma Multi. L. Under.\$10,000
N475 Indiana Cas. Clms. Sup.\$ 9,500			N483 Dakota Fire State Agt.\$ 9,500
N476 Chicago Fire Prev. Eng.\$ 8,500			N484 W. Pennsylvania Cas. Spec. Agt.\$ 8,500
N477 Texas Comp. Clms. Supv.\$ 8,500			N485 West Virginia Cas. Clms. Exam.\$ 7,800
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AT MUTUAL CASUALTY CONFERENCE

Good Offense Is Best Defense In Claim Work, Too, Attorney Says

By RICHARD G. EBEL

The principle of a good offense being the best defense can be applied to claims work, according to an Oakland, Cal., attorney, who advocated a new, aggressive approach to obtain defense verdicts and lower awards.

Speaking last week at the claim meeting at Chicago of Conference of Mutual Casualty Companies, Preston N. Ericksen of the firm of Ericksen, Ericksen & Kincaid said that in defending themselves in court, insurers must stop thinking defensively because this puts them at a disadvantage both in settlement negotiations and in trial.

Most of the devices such as stereo X-rays, medical drawings, special expert testimony, perspective and inflammatory photographs and other visual aids which have been responsible for more plaintiff verdicts and higher awards were originated by plaintiffs' lawyers, and he suggested that defense attorneys start working on a few new ideas and approaches of their own. Plaintiff attorneys spend much time and money in winning their verdicts, and companies must do the same if they hope to achieve success, he warned.

Illustrative of Mr. Ericksen's philosophy on visual aids was his use of subtitle signs held by a shapely blonde model, a surefire attention-getter every time.

Should Visit Accident Scene

In preparing his defense, the first step for the attorney should be to visit the scene of the accident. Defense counsel usually has the advantage in that he can often get to the scene and interview witnesses first, Mr. Ericksen explained.

He recommended that plaintiff's neighbors be checked to see if any prior accidents or strange propensities of the plaintiff can be uncovered. Every effort should be made to capitalize on the human tendency to exaggerate. Medical records must not be overlooked, and the index bureau will usually show past claims. Counsel should look for the denied prior occurrence of which the plaintiff thinks no record exists, he advised.

Some defense lawyers are reluctant to show movies secretly taken of the plaintiff for fear jurors might become angry with them for prying. "I say there is too much pussy-footing and not enough meeting the issues head-on. If they show the plaintiff unquestionably is falsifying or malingering, movies will help," Mr. Ericksen asserted.

Defense Lacks Enthusiasm

Probably the worst thing about defense people, he said, is the lack of enthusiasm. He said that claim managers can do much to instill enthusiasm in their adjusters, who in turn should solicit enthusiasm from insured. In contacting defense witnesses, the investigator should emanate confidence.

Availing that defense lawyers for the most part lack aggressiveness, Mr. Ericksen noted that "jurors are not much different from fight fans. While they admire someone with skillful footwork, they like a fighter." He opined that when the defense attorney thinks the plaintiff is malingering, he should say so in the opening statement, should use the doctor's not his own

and he should not be afraid to criticize a doctor head-on.

Discussing medical preparation, Mr. Ericksen said that too many adjusters and lawyers read a few medical books and then think they are smarter than doctors. The lawyers' job is not to

acquire general medical knowledge, but simply to determine what actual injuries have been sustained and to look for all distorting factors. The distortion factors which he referred to were malingering, hysteria, paranoia, decay. If adequate medical information is obtained, trained examiners can often spot these factors and prove them.

Although medical books will sometimes help the defense attorney, he should use the doctor's, not his own medical brains, Mr. Ericksen advised. A doctor can coach the lawyer on how

best to find distortion, and he can help defeat unwarranted claims that a given trauma has brought on or precipitated disease.

"Almost everyone has a skeleton in his closet," Mr. Ericksen declared. Often the plaintiff will exaggerate injury or cover up an old complaint or injury.

"It is legally admissible to show that a plaintiff has been convicted of a felony or, sometimes, it may be admissible (when the medical problem has been approached correctly) to show prior venereal disease. Certain-

(CONTINUED ON PAGE 45)

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Unattended Laundromats Studied By Underwriters; Urge Precautions

By JAY KOBLER

Underwriters have expressed concern over the potential liability hazards of unattended self service laundries. They are also concerned to some extent about the physical damage hazards of these establishments.

Unattended laundromats, a recent innovation, have been rapidly increasing the services they offer customers, and as a result they have increased the elements contributing to liability risk. Most remain open and unattended 24 hours a day and feature—besides washing, drying and dry-cleaning facilities—vending machines dispensing soap, blueing, bleaching agents, cigarettes, soft drinks and candy. Several have even installed physical therapy and permanent wave machines.

Because insufficient experience has been developed to classify these un-

attended units separately from attended ones, both are charged the same rates. The machines in unattended laundromats are often similar to the simple models provided in the basements of many apartment buildings. The danger of leaving these laundromat washers unattended is attested by the extremely bad loss experience reported on machines in apartment buildings.

In some attended laundromats, large commercial machines are used. These usually feature an interlocking device that stops operations when the machine's door is opened. The absence of this feature makes it possible for a person to insert a limb into the machinery while it is in motion. Possibly the interlock could be incorporated in the simpler machines as well as the larger commercial models.

Unattended premises attract a number of liability hazards. Water, soap

and laundry chemicals may accumulate on the floor from spill or overflow, causing slipping and increasing the possibility of electric shock. Floors should drain readily and completely and should be slip-resistant when wet. Equipment should be properly grounded and maintained.

Debris may gather, causing hazards from tripping, falling and fire. Adequate waste disposal containers should be provided in locations away from aisles or work areas. Trash cans should be made of metal and have self-closing lids.

Undesirable persons or groups may congregate on laundromat premises, especially during cold weather. To prevent this, premises should be well lighted, with all sections visible from outside. Unattended laundry centers should be closed at a reasonable hour, and loitering should be prohibited.

The equipment presents several potential hazards. A short circuit in equipment may cause an electric shock; hot water heating equipment may malfunction with danger of explosion or scalding; dryers may overheat and

(CONTINUED ON PAGE 50)

Eyes Electronics In Present And Future

The insurance business was the leader in adapting electronic data processing equipment to advantageous use, Joseph Murphy insurance marketing manager of IBM, pointed out in a talk at Pittsburgh I-Day. At present, 70% of fire and casualty volume is handled on some type of electronic equipment, and 90% of life in force is so recorded.

In addition to widespread use of electronic machines for basic functions, there are other interesting and progressive applications, Mr. Murphy continued. For example, Massachusetts auto policies must be renewed at Jan. 1 each year. Under previous methods, temporary and inexperienced help had to be used, and policies were rarely ready before late February. Premiums would not reach the company before April or even May. But today, one company, using the IBM 650, rates, codes and prints these policies at the rate of 25 a minute. Starting the job in late December, it has the policies in the hands of agents on Jan. 1. Premium flow to the company is also speeded by two months.

Cites Broad Uses

One large fire and casualty insurer has an integrated system. In one pass through the computer, complete management reports are prepared on premiums, losses, expenses, and their appropriate ratios. The finished reports are delivered weeks ahead of previous schedules.

Computers are also being used for checking agency accounts, Mr. Murphy noted. Not only do the machines isolate the differences, but they automatically apply ingenious programs that identify and explain these differences and then apply the company rules to allow or disallow overages and shortages.

In A&S, many companies have a complete file of individual coverages and experience on electronic files. As claims are received, they are fed into the system which finds the individual records, checks coverage and prior claims and approves or disapproves the specific claim according to programmed rules. Approvals and allowances are then printed out.

Citing examples which foretell the future, Mr. Murphy noted that some companies have installed a modest random access file—modest because today's devices, which will handle up to 100 million characters, are only forerunners of future capacities. In this file they have stored complete detail records of each policy or policyholder, each agency and writing agent, production and experience summaries, etc. The random access file permits each record to be referred to individually without a search through the complete file. These records are used for normal accounting for premiums, renewal billing, or installment billing, etc. But in addition, the records are available to management at a moment's notice.

Further Examples

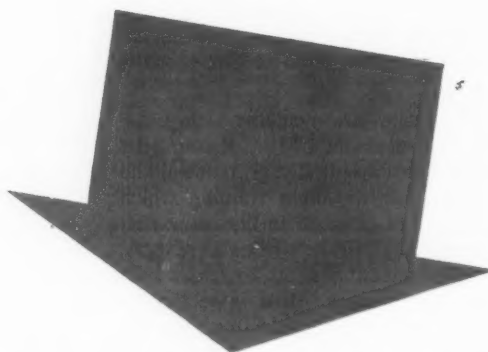
Keying the policy number at an inquiry station results in immediate response with a print-out of the complete record on the typewriter-like printer of the inquiry station, even though the computer itself continues normal accounting work with only imperceptible interruption. For example, in the loss department, receipt of a letter of advice prompts the claims man to key the policy number and immediately he has a print-out of

(CONTINUED ON PAGE 50)

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How Agent Must Change To Meet Changes Influencing His Position

The right to own the expirations is the vital factor of the agency system—the one factor that must be preserved in this period of flux and change, Robert M. Morrison, Boston attorney, told the annual convention of Mutual Agents Assn. of New York in Syracuse. If this is saved, he said, almost any other aspect of the present business methods can go by the board. Nothing else is vital—not the right to prepare policies or collect bills, nor the right to adjust losses or send out expiration notices. It is the property right in the expirations that is vital.

What are the changes that threaten this right?

Company mergers which will gradually reduce the number of companies doing business and appointing agents, he pointed out. This will mean that instead of the company seeking the agency and being willing to make concessions, the agent will be seeking the company. The number of available agency appointments will be still further cut down as these mergers make for a greater accumulation of volume in a particular area and operation through branch offices more attractive to company officials.

Life Entry Into The Business

Mr. Morrison foresees a still further decrease in independent agencies as life companies step into the ownership of fire and casualty business and introduce their methods and ideas of agency operation. It is only a matter of a few years before this breakthrough will become general; it is already starting in certain parts of the country.

As these developments occur, the bargaining position of the agent will diminish, he declared.

Next, there will be improved marketing and distributing techniques introduced in the sale of insurance. There will be more point of sale contacts—reaching out to the buyer of insurance in personal contact at many different spots. Marketing techniques will be improved and instead of policies and contracts being offered, the privilege of transportation or relief from insecurity will be what insured will buy. Acquisition costs will be cut to the point where they fairly measure the value of the services rendered. The agent will have to be a competent salesman. This will be hard for many older men. One agent recently observed that 90% of the established agents don't really want to go out and sell. If he is correct, there will be trouble ahead in this area.

Reduced Operating Costs

Next, there will be a competitive drive to reduce operating costs, Mr. Morrison said. This will be carried out by simplification of procedures and the elimination of details where practicable. Use of mechanization will increase—electronic data processing machines are one example. Operations will be centralized to reduce duplication and to make the machine operation economically feasible. It is in this area that perpetual policies, direct billing and other such techniques will be developed. This will have the effect of cutting down on the functions of the agent and of separating him from his present channels of contact with his insured.

One other important function of

today's agent's operations that will disappear is interest-free financing by the agent for his insured, advancing the premium and then waiting for repayment. The companies also benefit because they are more sure of getting

paid, even though they receive payment several months after they have assumed the risk and even though they run the risk of having the policy cancelled. There will be changes in this area of financing premium payments.

Payments will be collected in advance under the influence of life insurance practice. Budgeting of over-all insurance costs with monthly or other interval payments will become general. Where premiums are advanced for insured, a finance charge will be made. This, too, will weaken the position of the agent in the days ahead.

Mr. Morrison outlined six areas in which agents can take protective measures. They are: Tightening up the provisions of the agency contract; reorganizing each agency so that it can

(CONTINUED ON PAGE 34)



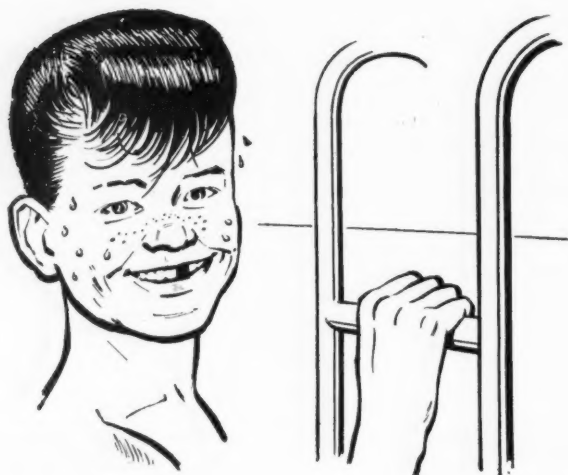
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U.S. Business Of London Is Reinsured In Manhattan F.&M.

Most of the U.S. business of London Assurance has been reinsured by its domestic running mate, Manhattan F.&M. Manhattan F.&M. and its affiliated company, Guarantee, will operate in the U.S. under the title Manhattan-Guarantee companies. London Assurance will continue its representation in the U.S. through Chubb & Son for marine business.

The New York and California departments have approved the plan, and filings have been made in other states.

In a letter to agents, President T. A. Long of Manhattan F.&M. commented: "Our aim is to strengthen the position of Manhattan F.&M., a major part of which consists of a contribution to its surplus in excess of \$11 million. In many respects this change will increase the facilities available to your office."

The "domestication" program, which reverts to Jan. 1, involves changes in the group's operating and financial structure. A contribution to surplus of Manhattan F.&M. has been made by the London Assurance (U.S. branch) of securities and cash totaling more than \$11 million. Manhattan F.&M. has reinsured all the business of London's U. S. branch, other than the Chubb & Son marine business, and Manhattan F.&M. has assumed all of the direct obligations involved in the transaction. London has paid Manhattan F.&M. approximately \$13 million in securities and cash.

With the reinsurance of London's business, Manhattan F.&M. and Guarantee have entered into an agreement under which the aggregate business will be shared by the companies. In addition to taking over physical assets, all obligations and benefits to employees in this country have been assumed by Manhattan F.&M.

Hullett Chairman, Heard President Of Hartford Accident

Hartford Accident has elected James C. Hullett chairman and chief executive officer. He will continue as board chairman, president and chairman of the finance committee of the parent Hartford Fire. Directors elected Manning W. Heard president of Hartford Accident and promoted Milton R. Bigham to the new post of assistant to the president of that company.

Mr. Hullett has been with the company since 1929, when he joined its western department in Chicago. He has been president since 1953. Mr. Heard went with the casualty company in 1933 and was elected first vice-president and general counsel in 1953. Mr. Bigham formerly was manager of the insurance division of Von Hamm-Young agency of Hawaii. He joined Hartford Fire group as assistant manager of the Pacific department in 1957.

UM Bill In N.C.

The North Carolina house has passed and sent to the senate a bill that would make uninsured motorist cover a part of compulsory auto liability in that state, subject to the option of insured to reject the coverage. There was no opposition in the house and none is expected in the senate. It would become effective Aug. 1.

Griffendorf Joins Bureau, Gillott Is Head Of New Unit

At its annual meeting in New York, National Bureau reelected William



James M. Cahill



William Leslie Jr.

Leslie Jr. general manager and James M. Cahill secretary. Henry E. Griffendorf Jr., former chief rater of the audits, rates and corporate division of the Michigan department, was appointed manager of the midwest branch of the bureau at Chicago. After a brief period at the head office he will take over the duties of Harry H. Fuller, recently named to represent the bureau in its relations with insurance departments.

C. E. Gillott Jr., who has been manager of the bureau's accounting division, was named manager of the new data processing division. Alexander Morrison succeeds him as head of the accounting unit.

New members of the executive committee are Aetna Fire, Hanover, Hartford Accident, National Union Indemnity, New Amsterdam, Pearl, and Sun of New York. New members of the auto rating committee are Glens Falls, Providence Washington, and U.S.F.&G.; burglary rating, America Fore Loyalty, London Guarantee, and New Amsterdam; and glass rating, Fidelity & Deposit and Hartford Accident.

Before joining the Michigan department in 1956, Mr. Griffendorf was inspector and rater with Michigan Inspection Bureau. Before that he was a solicitor for the Griffendorf agency of Benton Harbor.

Mr. Gillott joined the bureau accounting division in 1931, became acting cashier in 1933, cashier in 1937, and manager in 1944. Mr. Morrison joined the accounting division in 1938 and became assistant cashier in 1947.

Farmers Mutual Automobile of Madison in the first three months of 1961 had a volume of \$7,741,000, an increase of 17% over the same period last year.

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Agents, Companies Should Quit Worrying, Start Working: Dubuc

There is so much demand for insurance, a demand that will increase enormously in the years ahead, that companies and agents should quit criticizing each other for their supposed failings and weaknesses and go to work on their opportunities. This was the gist of a frank talk made to Tri-State Mutual Agents Assn. by Paul H. Dubuc, vice-president of Shelby Mutual, at the annual convention in Harrisburg, Pa.



Paul H. Dubuc

Some agents believe that agent-company relations have deteriorated rather rapidly in the last three or four years, he said. Agents have charged companies with unilateral action on commissions, with being indisposed to consult with agents on form changes and development of new coverages, with restrictive underwriting practices resembling those of exclusive agent companies, and with developing package policies and safe driver plans which give the agent more work at, perhaps, lower commissions.

It has even been bruited about, he added, that the agency companies are sold on direct writing and may eventually abandon the independent contractor method of distribution. Mr. Dubuc doesn't believe it. The agency system isn't on the way out, he declared. There is more opportunity for independent contractor agents than ever before. The economy with its customary upswings and downswings, will be dynamic, even explosive, during the next 15 years. Auto premiums will approach \$12 billion in 20 years. Property and casualty premiums, which reached \$15 billion in 1960, a 400% increase in 20 years, should hit \$30 billion by 1975. The problem will be to find enough agents to do the selling that will need to be done.

All Lines Development

Also, he indicated, agents have worried about the increasingly close relationship of life insurance with its captive agency system and property insurance at the company level. Yet life companies are cultivating the independent agent to supplement their exclusive agent sales organizations. This activity will accelerate, for one reason because there is a growing demand for men 25-45, and the supply of them is increasing hardly at all—nor will it for years to come. Life companies must do something to carry the ever mounting costs of their direct selling organizations. In 1958 life companies were financing 80% of their sales recruits at \$420 per month. This median was expected to rise to \$800 (\$10,000 annually) by 1970. In 1960 the property-casualty premiums of \$15 billion were 2.5 times greater than annual premiums of life companies.

Mr. Dubuc is personally convinced that every local agent should be selling life. Why not mutual funds also?

The agency system will be the dominant force in insurance distribution for many years to come, he believes. He said the difference between other systems and the agency system is that under the latter the agent owns his

business.

No company would risk interference with the expiration data of an independent contractor agent, he declared—"assuming that there has been no forfeiture of ownership as a result of poor payment habits." However, some companies in the future will operate, as now and in the past, on both the independent agent and exclusive agent basis. Yet no such company would undertake to violate the independent contractor's ownership of all data pertaining to his business. Apart from ethical considerations, there are insurmountable legal barriers to such an invasion.

Not A Partnership

Mr. Dubuc reminded agents that their companies' association with them is not a partnership, since in a partnership the agents would share the companies' losses as well as profits—and

they have not. For example, the agents did not share in the \$800 million underwriting loss of casualty companies on auto liability in the 10 years ended with 1960.

Liberal As Possible

The underwriter is going to be as liberal as possible in accepting business from an agent, he said. But the company has to recognize that its primary responsibility is to remain solvent for the protection of agent and policyholder. Agents have urged companies to be more liberal in accepting class 2 risks. Companies are anxious to solve this vexing problem, for one reason because of the public relations involved. But class 2 rates still are too low. That class is being subsidized at the expense of other classes. The safe driver plan may be a partial solution. But Mr. Dubuc is skeptical of an immediate liberalization of the market for class 2 drivers.

There is real evidence that communications, company to agent, are improving, he observed. It is ridiculous for a manufacturer to make a product his marketing organization

(CONTINUED ON PAGE 42)

Glens Falls Purchases Udell General Agency

Glens Falls has purchased the B. L. Udell general agency of Phoenix and Tucson.

On May 1, the staff of the general agency became the Glens Falls Arizona branch and service offices with no change in locations. Robert L. Udell is branch manager, and William H. Stowe assistant branch manager. Britt L. Udell, president and founder of the general agency, retired May 1.

N.Y. 25 Year Club Elects

Twenty-Five Year Club of the metropolitan division of New York Fire elected John D. Rohrbeck president, Lenore B. Morgan 1st vice-president, Alice Franklin secretary-treasurer, and Edward M. Kaleda sergeant-at-arms.

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Program For Independent Adjusters Annual Convention At Chicago

Tuesday, May 16

- 1:00 p.m. — Business session for members only.
5:00 p.m. — Reception for members and guests.

Wednesday, May 17

- 9:30 a.m. — General session. Call to order, Ray L. Lynch, R. L. Lynch & Co., Springfield, Ill., convention chairman.

National anthem, Max E. Wilson, tenor Trinity Methodist Church, Chicago.

Invocation, Very Rev. C. J. O'Malley, president DePaul University.

Address of welcome, John Duba, administrative assistant to Mayor Daley of Chicago.

Response to address of welcome, L. B. Hazzard, L. B. Hazzard Co., New York, president NAIHA.

"Independence, Professionalism and Service," an address by Vestal Lemmon, general manager National Assn. of Independent Insurers.

"The Challenge of a New Frontier," an address by Dr. John W. Hall, educational consultant Georgia State College.

- 12:15 p.m. — Luncheon for members and guests.
Guest speaker: Charles M. Hanna.

- 2:00 p.m. — General session. Address by D. T. Hawkins, secretary-manager Mutual Loss Research Bureau, Chicago.

Address by Lewis C. Ryan, President Defense Research Institute, Syracuse.

"Property Loss Adjustments," panel discussion. Moderator, Robert M. Hill, Robert M. Hill Co., Detroit. Panelists: James L. Eberly, Lumbermens Mutual, Mansfield; Paul I. Thomas, Kemper companies; George D. Vail Jr., Corroon & Reynolds; Harry H. Woodward, America Fore.

- 6:00 p.m. — Reception (Courtesy A. M. Best Co.)

Thursday, May 18

- 8:00 a.m. — Breakfast for members and guests.

- 9:00 a.m. — Shatterproof Glass film.

- 9:30 a.m. — General Session. Call to order, L. B. Hazzard, president NAIHA. Address of welcome, Joseph A. Gerber, Illinois director of insurance. Response to address of welcome, Mr. Hazzard.

"Current Problems Relating to Demand for Appraisal," an address by John P. Gorman, Clausen, Hirsch, Miller & Gorman, Chicago.

"Casualty Loss Adjustments," panel discussion. Moderator, Thomas E. Foley, Foley Adjustment Bureau, South Bend. Panelists: James F. Conway, Maryland Casualty; W. C. Dillon, Security Mutual; Arthur Sforza, Zurich; Blanche Spradlin, Oklahoma Farmers Union.

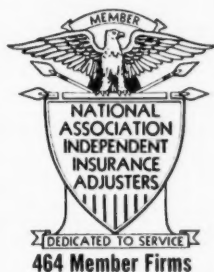
- 6:00 p.m. — Reception.

- 7:30 p.m. — Banquet and entertainment.

Friday, May 19

- 9:30 a.m. — Closed business session.

A complete report, with pictures, of the annual convention of National Assn. of Independent Insurance Adjusters will be carried in the May 19 issue of The National Underwriter.



NATIONAL ASSOCIATION of INDEPENDENT INSURANCE ADJUSTERS

The National Association of Independent Insurance Adjusters was organized in April, 1937, in order to create dignity and invite a feeling of high regard to the business and profession of independent adjusting; cooperate with the insurance fraternity to the end that a cordial relationship will be fostered and maintained between the independent adjuster and the public; to guide the activities of those engaged in the independent field, to the end that the highest standards be encouraged and maintained; to collectively conduct themselves so as to protect the business of independent adjusting against any form of activity found to be unjust or detri-

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fast.

Tuesday, May 16

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fast.
5:00 p.m. — Reception.

Wednesday, May 17

8:30 a.m. — Hospitality break-
fast.
9:30 a.m. — Sightseeing tour.
12:30 p.m. — Luncheon.
6:00 p.m. — Reception.

Thursday, May 18

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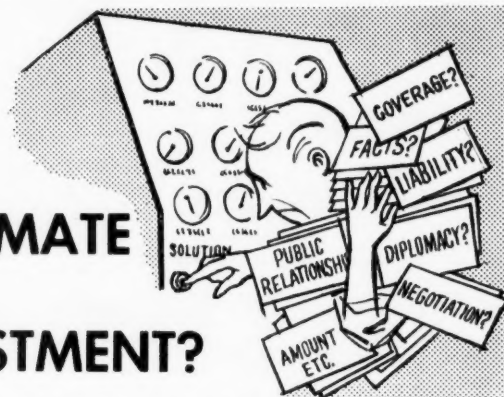
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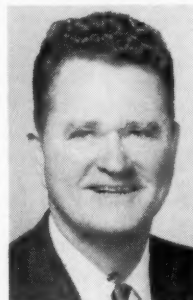
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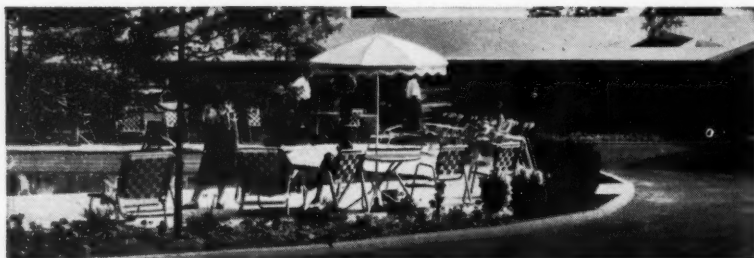


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Silent Helper For Marine Covers

Lumbermens Mutual of Mansfield, O., has furnished its producers with an inland marine kit which enables them to keep all pertinent materials in one



place for ready reference when writing the numerous inland marine covers offered by the company. The kit, which fits into a standard file, is a custom made expansion type folder with individually tabbed dividers. Various forms contained in each section are listed on the tabs. The company feels that many producers in the past have overlooked the profit potential in marine covers. The new kit is designed to

help them get their share of this market and to provide the most convenient way of submitting business. The company's marketing attention is currently focused on commercial packages. It offers covers for apartment owners, motels, retail stores and laundry and dry cleaners. Others are on the drawing board. One problem, which the company has recognized for some time, is how to keep intact and in a prominent position in an agency the supplies necessary for the production of coverages it is currently seeking. Accordingly, kits like the inland marine portfolio pictured are being developed for various categories. A master folder is also contemplated. This will centralize all the company's promotion and allied materials in agents' offices.

Cotter To Midwest Bond Post For United Pacific

William J. Cotter, manager of the fidelity and surety department of United Pacific at Spokane, will become head of the company's bond operations in Minnesota, North and South Dakota and parts of Wisconsin and Iowa, succeeding Ralph L. Blum, whose forthcoming retirement (June 30) was recently announced.

United Pacific will open an area office on or about July 1 at Minneapolis, with Mr. Cotter in charge.

Mr. Cotter was assistant manager of United Pacific's northwest bond operations before his assignment to Spokane. He has been with the company since 1952, prior to which he was with the J. C. Boespflug Construction Co.

Huppmann Is Advanced

Telephone Employees of Baltimore has appointed Paul H. Huppmann assistant treasurer. He was with Maryland Indemnity & Fire Insurance Exchange in charge of the accounting and statistical departments before joining Telephone Employees in 1960.

300 Attend Mutual Agents Sales Conference At Lansing

The property insurance sales conference offered by Michigan Assn. of Mutual Insurance Agents and Michigan 1752 Club at Lansing was attended by 300 agents and company representatives.

Dr. Arnold E. Schneider, dean of the business school at Western Michigan University, and John S. Bickley, insurance professor at the University of Texas, were the principal speakers. Dr. Schneider talking on "Motivation in Sales Effort," and Mr. Bickley on "Revolution in Insurance Marketing."

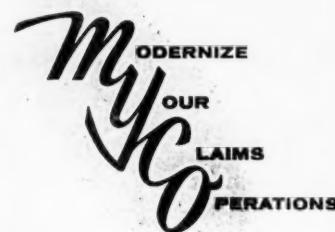
The registrants also saw the film, "The Strangest Secret."

Five New NAIJA Members

The addition of five new members to the roster of National Assn. of Independent Insurance Adjusters brings total membership to 465 as of May 3.

The new members are Hulbert Adjusting Co. of Salt Lake City, Kistler Claim Service of Denver, Kistler-Mitchell Claim Service of Sterling, Colo., Lally Adjustment Bureau of Miami, and Carl Warren & Co., of Los Angeles.

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Transit Casualty Buys Life Running Mate

State National Life of St. Louis has been acquired by Transit Casualty and will be operated as a running mate of that company.

Officers of State National recently elected, are: Preston Estep, chairman; J. D. Reeder, president; William T. Conway, vice-president and secretary; Aloys T. Bolling, treasurer; and Lloyd E. Boas, vice-president and general counsel.

As of Dec. 29, 1960, capital and surplus of State National was increased from \$335,000 to \$1 million. It has about \$20 million in force. After June 1, the company will be located in the same building with Transit Casualty at 901 Washington Avenue, St. Louis.

Mr. Estep has been with Transit Casualty since its beginning in 1945. Mr. Reeder heads the operational staff of the company and has been in recent years the chief actuary of the Illinois department and later was the vice-president and actuary of the Missouri Ins. Co., which was absorbed by Western & Southern Life. The new superintendent of agents is Wayne J. Kras, who was recently with the Federal Life & Casualty. H. H. Locke, who has been with State National since its beginning, continues in an operational capacity and L. A. Koerner, who has been in the treasury department for a number of years, continues in that department.

Great American In Consolidation Moves In Central Illinois

Great American has consolidated its central Illinois operations into field offices at Peoria and Decatur.

Field Supervisors Charles E. Burk and Maurice F. Radtke will make their headquarters in the Commercial National Bank Building at Peoria. Field Supervisor James B. Erdmier and Special Agents Joseph E. White and Omer V. Tomlinson will make their headquarters at 244 North State Street, Decatur, Illinois.

Henry A. Gerke, field supervisor at the former Springfield office will assume duties at the company's western department in Chicago.

Insurers Win Arson Case Before Southern Ill. Jury

A jury in U. S. district court at Cairo, Ill., held for the insurance companies in a fire loss case in which the insurers used arson as a defense. Samuel Levin, the Chicago insurance attorney with Levin, Upton & Glink, represented the companies in this action—McDaniel vs Home, et al. The companies were sued for building and contents loss to a store and residence on the second story of the property in Cairo. Investigation by the fire department and the state fire marshal and the arson department of the National Board disclosed a timing device in the attic which was plugged into an electric socket and caused a fire. The insured and his wife were on a trip in the south at the time of the loss.

The defense of the companies was arson, failure to file proof of loss and false swearing in the examination under oath and under discovery deposition. The insured were represented by Reed & Hines of Paducah, and C. Robert Hall of Cairo.

Arnold & Watts, Miami adjusters, has opened a branch office in Key West with D. F. Hazelton in charge.

Borstad And Tenney Raised By Travelers

Travelers has named Stephen G. Borstad assistant superintendent of agencies, casualty-fire agency department. H. Martin Tenney Jr., has been appointed assistant secretary, fire and marine division.

Mr. Borstad joined the group in 1938 in office administration. He has subsequently been field supervisor at Omaha, assistant manager there and at St. Louis, and manager on reassignment to Omaha in 1958. These posts were in casualty, and fidelity and surety lines.

Mr. Tenney went with the company as field supervisor in 1946. Since then, he has been assistant manager at Rochester, N. Y., Philadelphia, and Camden, N. J., and since 1957 manager at Syracuse. These assignments were in fire and marine.

Defendants Win Most Cases But Awards Are Big

Plaintiffs won only five of 15 jury verdicts in personal injury cases last week in Chicago, according to the summary prepared each week by Cook County Jury Verdict Reporter, but damages awarded totaled \$149,000.

Since Sept. 1, 1960, when the courts resumed after the summer recess, defendants have won 251 verdicts, plaintiffs 198, and 26 juries were deadlocked.

Last week a jury awarded \$73,000 to a plaintiff who lost his leg as the result of being struck by an unlighted freight train en route to a repair track. Another plaintiff (age 5) won \$40,000 for burns suffered on his leg in a bonfire in an alley.

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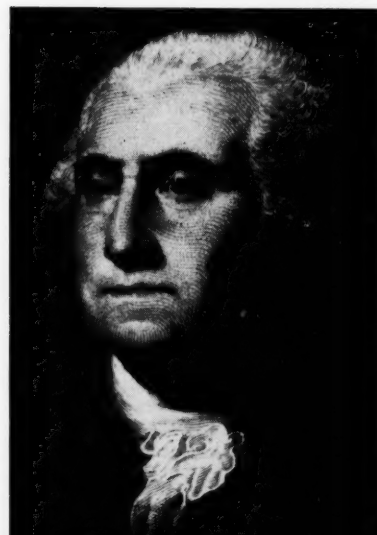
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Conventions

- May 14-15, Nebraska mutual agents, annual, Town House, Omaha.
- May 14-16, Iowa agents, annual, Savery Hotel, Des Moines.
- May 14-16, Pennsylvania agents, annual, Bedford Springs Hotel, Bedford.
- May 14-17, Insurance Accounting & Statistical Assn., annual, Biltmore Hotel, Los Angeles.
- May 16, Southeastern Underwriters Assn., annual, Atlanta Biltmore Hotel, Atlanta.
- May 16-19, Insurance Company Education Directors Society, annual, Wagon Wheel Lodge, Rockton, Ill.
- May 16-19, National Assn. of Independent Adjusters, annual, Sheraton Towers Hotel, Chicago.
- May 18-19, Arkansas Agents, annual, Arlington Hotel, Hot Springs.
- May 18-20, Texas agents, annual, Galveston.
- May 19-20, North Carolina Health Underwriters Assn., sales congress, Barringer Hotel, Charlotte.
- May 21-23, Tennessee mutual agents, annual, Riverside Hotel, Gatlinburg.
- May 22, National Assn. of Mutual Casualty Companies, annual, Edgewater Beach Hotel, Chicago.
- May 22-24, American Mutual Insurance Alliance, Edgewater Beach Hotel, Chicago.
- May 23-24, Illinois Bureau of Casualty Insurers, annual, St. Nicholas Hotel, Springfield.
- May 25, National Board of Fire Underwriters, annual, Commodore Hotel, New York City.
- May 25-26, Underwriting Executives Council, annual, Neil House, Columbus, Ohio.
- June 4-9, National Assn. of Insurance Commissioners, annual, Bellevue Stratford Hotel, Philadelphia.
- June 7-11, National Assn. of Public Insurance Adjusters, annual, Concord Hotel, Kiamesha Lake, N.Y.
- June 12-14, International Assn. of Health Underwriters, annual, Waldorf Astoria Hotel, New York City.
- June 14-17, Carolinas mutual agents, annual, Grove Park Inn, Asheville, N. C.
- June 15-16, Wisconsin mutual agents, annual, Schwartz Hotel, Elkhart Lake.
- June 15-17, Mississippi agents, annual, Edgewater Gulf Hotel, Edgewater Park.
- June 18-21, Conference of Mutual Casualty Companies, management conference, Hershey Hotel, Hershey, Pa.
- June 18-21, Insurance Advertising Conference, annual, Equinox House, Manchester, Vt.
- June 21-23, Georgia agents, annual, General Oglethorpe Hotel, Savannah.
- June 22-23, Pennsylvania Assn. of Mutual Insurance Companies, annual, Hotel Brunswick, Lancaster.
- June 25-28, Consumer Credit Insurance Assn., annual, Sheraton Towers Hotel, Chicago.
- June 26-27, New Jersey mutual agents, annual, Sussex & Essex Hotel, Spring Lake.
- June 26-28, Virginia agents, annual, The Homestead, Hot Springs.
- June 28-30, Maryland agents, midyear, Stowaway Motel, Ocean City.
- June 29-July 1, Florida agents, annual, Fontainebleau Hotel, Miami Beach.
- July 4-6, International Assn. of Insurance Counsel, annual, Queen Elizabeth Hotel, Montreal, Canada.
- July 16-22, National Assn. of Claimants' Compensation Attorneys' Bar Assn., annual, Statler-Hilton Hotel, Boston.
- Aug. 6-10, Honorable Order of the Blue Goose, annual, Statler Hotel, New York City.
- Aug. 10-12, Louisiana mutual agents, annual, Edgewater Gulf Hotel, Edgewater Park, Miss.
- Aug. 13-16, West Virginia agents, annual, The Greenbrier, White Sulphur Springs.
- Aug. 17-19, Texas mutual agents, annual, Texas Hotel, Ft. Worth.
- Aug. 20-22, Montana agents, annual, Finlen Hotel, Butte.
- Aug. 21-22, South Dakota agents, annual, Marvin Hughitt Hotel, Huron.
- Aug. 21-23, International Federation of Commercial Travelers Insurance Organizations, annual, La Fonda Hotel, Santa Fe, New Mexico.
- Sept. 7-8, Utah agents, annual, Newhouse Hotel, Salt Lake City.
- Sept. 7-9, New Jersey agents, annual, Traymore Hotel, Atlantic City.
- Sept. 7-9, New Mexico agents, annual, La Fonda Hotel, Santa Fe.
- Sept. 10-12, Kentucky mutual agents, annual, Kentucky Hotel, Louisville.
- Sept. 10-12, New Hampshire agents, annual, The Balsams, Dixville Notch.
- Sept. 11-12, Minnesota mutual agents, annual, Pick Niccollet Hotel, Minneapolis.
- Sept. 14-15, Conference of Mutual Casualty Companies, sales & agency conference, Conrad Hilton Hotel, Chicago.
- Sept. 15-16, Minnesota agents, annual, Kahlor Hotel, Rochester.
- Sept. 16-20, Michigan agents, annual, Grand Hotel, Mackinac Island.
- Sept. 17-19, Indiana mutual agents, annual, Marott Hotel, Indianapolis.
- Sept. 17-19, Oregon agents, annual, Benson Hotel, Portland.



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Actuaries Consider WC, Phases Of AR

Casualty Actuarial Society's spring meeting at Kiamesha Lake, N.Y., was attended by representatives of many companies which do not have an actuary on the staff. This attendance was in response to an innovation introduced last fall by President William Leslie Jr., general manager of National Bureau. A gratifying number of members was also on hand.

R. J. Balcarek, assistant actuary of Standard Accident, discussed reserves for reopened workmen's compensation claims, and Frank Harwayne, chief actuary of the New York department, presented a paper on ascertaining the normal size of an assigned risk plan.

Mr. Balcarek's conclusions were reached by analyzing the experience of Standard Accident from 1936 to 1958. The number of closed claims during that period exceeded one million, and the number of reopened claims amounted to more than 4,500.

Mr. Balcarek's proposed procedure consists of estimating separately the number of claims to be reopened in future and the average incurred cost after reopening. His analysis led to the conclusion that the best way to estimate the number of future reopenings is to relate the number of reopened claims to the number of closings in the past in order to develop a probability that a claim closed in a particular year will be reopened in future. The probability thus obtained was small but surprisingly stable. Moreover, it was not correlated with changes in unemployment.

Main Conclusion Reached

In regard to incurred costs, it was found that they are best related to average paid costs in the year closing. Caution is advised when dealing with the incurred costs on reopened claims because they are slow in developing and there appears to be a tendency to incorporate high margins of safety in outstanding reserves on these cases. But even having taken this into account, the average incurred costs on reopened claims are about 4.5 times higher than the average paid costs in the year of closing, Mr. Balcarek said.

His main conclusion was that reasonably accurate reserves for reopened WC claims can be established by basing the estimate on past closed claims and their average payments. The convenience of this method lies in the fact that both of these figures can be promptly and easily obtained, and they are not subject to future development. The fact that it has been shown that unemployment doesn't affect the rate of reopenings is also of considerable importance. In the past, the rate of reopenings was assumed to be a function of the rate of unemployment. Consequently, the actuary, forecasting the future course of reopenings, found himself usually forecasting the future course of the economy, a complex and difficult job better left to the experts in that particular field, Mr. Balcarek concluded.

Analysis Of AR Plans

In Mr. Harwayne's paper on ascertaining the size of AR plans, it was assumed that, with the applicant's record available, the underwriter will accept or reject according to his judgment of fault of the individual involved in an accident. It was also assumed that this estimate is approximated by half of the reported BI claim frequency. From this, an application of Poisson theory is used to estimate, by class, distributions of business free of liability for three years. Indices are determined from reported proportions of voluntary busi-

ness in each rate classification compared against these estimates.

In New York, Mr. Harwayne noted, Manhattan, Bronx and Brooklyn are analyzed separately from the balance of the state. In the three boroughs, 84% of the business is expected to be free of liability, and actually 80% of the business was written voluntarily. The approximate ratio of unity implies the plan is consistent with expectations based on actual claim frequencies in these communities. Figures of 91%

theoretical and 92% actual for the balance of the state lead to the same conclusion.

Within both groups, however, the index varies substantially for some of the classifications. For example, a low index shows there is a relative dearth of voluntary class 2 business. Conversely, a high index indicates business (class 3) risks use the plan to a lesser degree than expected.

Giving credit for voluntarily writing class 2 business seems to be a worthwhile corrective measure, Mr. Harwayne noted. The number of risks in

AR plans probably would be smaller if claim frequency could be reduced generally.

Mr. Harwayne emphasized that the method used provides only a rough first estimate. It probably could be refined and adapted to review AR plans in other states, he said.

Harrison County (W. Va.) Assn. of Insurance Agents has elected Alexander Stout, Clarksburg, president; Otha Compton Jr., Bridgeport, vice-president; and Margaret G. Sauer, Clarksburg, secretary-treasurer.



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Sees More Hiring Of Actuaries, Defines Scope Of Actuarial Duties

One of the most noticeable changes of the last decade has been the greater employment of actuaries by fire and casualty companies, said S. H. Longley-Cook, actuary of North America and vice-president of Casualty Actuarial Society, at the annual meeting of New Jersey chapter of CPCU. A few leading casualty companies have em-

ployed actuaries for many years, but they have been the exception rather than the rule. He analyzed the reasons for this increased demand for company actuaries and described the new duties assigned to them.

The almost complete lack of rate competition in the fire insurance field has made the development of rating

plans for new products unimportant until recently. Even on the problems of over-all rate levels, the fire rating bureaus have suffered from lack of actuarial advice, but Inter-Regional Insurance Conference has corrected past inaccuracies by the promulgation of principles and recommended procedures for rate bureau review of the over-all fire rate level by state. These procedures owe much to the able work of the conference's actuarial committee, said Mr. Longley-Cook.

It seems to him inevitable that as fire insurance rates become more a

matter of competition, the need by the rating bureaus for actuarial advice on the analysis of statistics and the development of individual rates will become increasingly apparent in the property insurance field. Since the law requires the review of rate filings in practically every state, Mr. Longley-Cook is not surprised that a number of actuaries are on the staff of state insurance departments.

Increased Competition

There can be no question that the chief reason for the greater employment of actuaries by the larger companies has been increased competition in the business, he said. It is no longer possible for any large company to leave its rate making problems to the bureaus. Problems continually arise which require actuarial knowledge, and the company which has no actuary to turn to will waste much unnecessary time grappling with a problem which an actuary could quickly answer.

The actuarial organization of a fire and casualty company is generally advisory. The number of actuaries may vary from a company with senior actuaries, assistant actuaries and a large staff, to a single actuary with no staff at all.

The duties of actuarial departments vary from company to company, and the actuary's position depends primarily upon his personal characteristics and those of the management under which he works, Mr. Longley-Cook said. A similar situation confronts doctors, lawyers, engineers, and other professional people when they serve as employees. A good research doctor will make no mark at all for himself or the medical profession if he is the company doctor for a corporation which wants nothing but low work-injury costs. The actuary will never carve a place for himself in any phase of insurance that does not interest him. Neither will he carve a niche in an area in which he is intensely interested but in which the management of his organization is disinterested.

Raw Statistics Indigestible

The actuarial department will normally devote a large part of its time to the analysis of statistics and the development of rates and rating plans. The underwriter, presented with a large collection of raw statistics, finds this diet indigestible and may waste much time chewing the unpalatable cud. An actuarial department should examine and interpret statistics so that their important features are drawn to the attention of management and the underwriting staff.

For the company making its own
(CONTINUED ON PAGE 44)



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Prior Approval Hurts Small Insurers, Lemmon Tells Agent Meeting

"Laws which require prior approval of rate filings provide a ready-made invitation for exertion of pressures on the commissioner to deny or stall the granting of upward rate adjustments," according to Vestal Lemmon, general manager of National Assn. of Independent Insurers. Speaking before the Royal Palm Club, top agents of American Fire & Casualty, Mr. Lemmon said that interference with rate-making processes had become so serious in some states that in order to remain solvent some companies had been forced to withdraw or severely restrict their underwriting.

"The specter of interference with the normal rate-making and underwriting processes is one of the principal factors which motivated NAII to propose a new model fire and casualty rate regulatory bill," he said.

A key provision of the proposed legislation would streamline the procedure for approval of rate changes by permitting rate filings to take effect automatically, subject to review by the commissioner, he explained. NAII believes that its proposed bill will benefit the public and advance the cause of sound state regulation, he added. It will bring long-range benefits to the producers and the companies, especially the small and medium-sized companies.

"Experience has shown that while rigid, cumbersome, bureaucratic regulation is distressing to all companies which desire to exercise managerial freedom, it handicaps the small and medium-sized company much more than the very large company," Mr. Lemmon asserted. "The very large company can often succeed in battling its way through administrative and legal obstructions which the smaller company does not have the resources and staff to overcome."

N. E. Mutual Agents In R.&S. Automation Plan

Mutual Agents Assn. of New England has made arrangements with Recording & Statistical for the latter's automated agency accounting service. The association made a six month study before embarking on the project, according to Alden L. Lane, Brockton, Mass., president of the agent group.

He said that adoption of the service indicates that automation may be adapted to an independent agent's benefit without destroying any of his rights or changing his way of doing business.

Mr. Lane noted that most companies are using modern electronic equipment. However, his group feels that agents can use such devices as economically as companies can, and in some cases can realize greater savings through pooling combined agency items, thus providing a substantially larger base than is available to many companies.

Details of Program

Agents subscribing to the program will furnish weekly to R.&S. duplicate copies of customers' bills, a duplicate of cash receipts, and a voucher copy of checks issued. The agent will receive each month a statement and recapitulation of company accounts, "aged" analysis of accounts receivable, customers' statements, sales and brokers' reports, profit and loss and financial statements. The system will eliminate manual posting.

The program is known as the MORE

plan, indicating modern office record-keeping electronically.

Agents interested in enrolling should contact Marshall Cobleigh, executive secretary of the association, at 19 Elm Street, Nashua, N. H. Personal calls will be made to each interested agent. The system will be explained to him, and he will be given an instruction manual to help him prepare for the time-saving change in his agency. Enrollment and instruction will be completed in May and June, and the system is scheduled for full scale operation by July 1.

Wis. Agents Honor State Officials, Also Hold Midyear Meeting

Sponsored by Wisconsin Assn. of Insurance Agents, some 300 fire and casualty agents honored elected state officials and legislators at a luncheon in Madison.

Speaking at the luncheon was Miss May Roach, Eau Claire, who spoke on "The Search For Security."

Agents held their midyear meeting prior to the luncheon. Speakers on the

program included Earl B. Birong, agency supervisor America Fore Loyalty group, Chicago, who discussed the new commercial property form, and Robert J. O'Neill, Milwaukee fire manager for American, whose topic was the new motel form.

George Frederick, Beaver Dam, discussed market research; J. W. S. Gallagher, Madison, president-elect of the agents' association, described group life considerations, and Donald L. Doherty, president WAIA, presented a report on merit rating of automobile insurance.

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Shifting the blame won't help when a major embezzlement reveals that your Fidelity Bond is too small to meet the loss. Proper protection is management's responsibility.

To eliminate any guesswork call in your local America Fore Loyalty agent. He will apply a tried and tested formula to determine the dishonesty exposure index of your business—and the minimum protection you should carry.

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Editorial Comment

An Experiment That Deserves To Succeed

The plan of companies that write health insurance in Connecticut to provide citizens of that state 65 or older with a program of major medical coverage is a refreshing relief from the political dispute over medical care for the aged under the social security system. Here is a practical, well-conceived, cooperative program to meet a public need. It is an insurance solution to a problem that has attracted wide public attention.

As time goes on, the Connecticut plan should provide a great deal of facts and statistics that are needed in an area that in recent times has been plentifully supplied with few figures but with many charges and countercharges, opinions and assumptions, and just plain political heat.

The bill permitting the insurers to join in establishing the program was passed. As William N. Seery of Travelers, speaking for Connecticut companies in support of the bill before the state legislature, said, individuals over 65 cannot generally buy major medical. Though 600,000 citizens of the state have it, many do not. Also, he pointed out, many of them can and want to pay for it. It is to fill this need that the companies are acting.

Individual insurers have not moved aggressively into this field with major medical because of so many unknown factors, in addition to the large potential liability. The companies will form a voluntary unincorporated association to pool their experience and underwriting capacities to experiment and develop the coverage for older people. The program will be operated so that any excess of premiums over losses, expenses, and a small risk charge will be used for the people insured.

Basic hospital-surgical benefits are available to those who do not have them. On top of this is the principal coverage, major medical, which is offered in a high and a low option. There is a \$100 deductible, coverage of up to \$2,500 a year, with a maximum of \$10,000 under the high option during

the individual's lifetime.

Preliminary estimates of monthly rates are \$7.50 for low option major medical only, \$10 high option major medical only, \$14.50 low option plus basic hospital-surgical, and \$17 for high option major medical plus basic hospital-surgical.

The individual's coverage will not be cancelled unless the plan is discontinued for all members. However, it is not anticipated that the plan will be discontinued unless a federal or state program is enacted which makes continuance impractical.

The Connecticut program is significant in bringing the talent and resources of the private insurance to bear upon a serious problem where it originates, locally, in a way that should enable a great many persons to do what they would like to do, help themselves. It will be surprising if this experiment will not produce good, solid facts which everyone will be glad to trade for the opinions and arguments that have been flying through the air with great velocity—and very little satisfaction or enlightenment.—K.O.F.

Personals

L. K. Kirk, president Standard Accident, has been elected president of Michigan Colleges Foundation, which provides a unified system for the state's business and industry to support the independent, non-tax supported colleges.

Hugh E. Wriggelsworth, assistant secretary of American States and American Economy, has been elected president of the Indianapolis chapter of National Office Management Assn., in which he has been active for 19 years.

Walter L. Hays, president of American Fire & Casualty, has been named outstanding Florida insurance man of the year by Insurance Society of Florida State University. He was presented

with a plaque by Commissioner Larson of Florida at a banquet during Florida 1-Day.

Alan B. Shepard, principal of Bartlett & Shepard, local agency at Derry, N. H., is the father of Alan B. Shepard Jr., the astronaut recently decorated by President Kennedy for his flight into space.

John E. LaPeire, state agent of Phoenix of Hartford at St. Louis, is recuperating at McMillan Hospital there following a successful operation for removal of a throat malignancy. He is a past most loyal gander of St. Louis Blue Goose.

Deaths

EUGENE F. PLAUCHE, 49, resident vice-president of Pacific Employers at Nashville, Tenn., died at his home there following a heart attack. He joined Pacific Employers in 1947 at Houston where he was an audit and safety engineer, and in 1950 was transferred to supervise the office at Baton Rouge.

ASA M. BURNETT, 82, partner of the Burnett-Shotwell general agency at Ionia, Mich., died at Ionia County Memorial Hospital where he had been a patient for two weeks.

ALFRED C. GOODMAN, 80, retired local agent in Asheville, N. C., died in a hospital there following a brief illness. He was director of North Carolina Assn. of Insurance Agents for the western district for eight years and president of Asheville Insurance Exchange from 1935 to 1945. He was chairman of the Public Insurance Committee. In 1938 he was awarded the Thomas Gresham award for outstanding public service to the Fire Insurance Assn.

NORMAN T. EVANS, 54, who had operated his own agency in Battle Creek, Mich., since World War II, died there.

EMIL S. TACHAU, 94, widely known Louisville agent, died May 4. Mr. Tachau for many years headed the E. S. Tachau agency, later E. S. Tachau & Sons. He was one of the founders of Louisville F.&M., which did well until the early 1950s when it got too deep into the hail insurance business and was sold off to Inland Empire of Boise. The Tachau agency was sold at about that time also.

Mr. Tachau had been retired since

he reached age 87. He was a local agent for 61 years. He founded his own insurance agency in 1891, having previously worked as a salesman for several companies in other lines of business. One of his sons, Charles G. Tachau, died some years ago, and the other son, Lewis Tachau, has been an invalid since suffering a stroke.

Mr. Tachau was for many years a member of Louisville Board of Fire Underwriters, prior to its becoming Louisville Board of Insurance Agents. He served on many important committees, but always refused to be considered as a candidate for the presidency.

WILLARD A. BARNEY, 63, partner in the Fidelity agency of Indianapolis, died at Camby, Ind.

D. K. EHNS Sr., 72, in charge of the bond department of Tri-State of Tulsa, died there. He joined the company in 1949.

HENRY E. TANK, 87, retired assistant manager at Chicago of Travelers, died at South Pasadena, Cal. He helped organize the Chicago office of Travelers and had been with the company for 35 years when he retired in 1936.

Mrs. ERNEST PALMER, wife of the former Illinois director of insurance, died at Memorial Hospital, Springfield, following a long illness. She is survived by her husband and two sons—Ernest Jr., a lawyer in Chicago, and Bradley, assistant vice-president Fireman's Fund group.

W. J. DURANT, 58, former Chicago manager of Joseph Froggatt & Co., died at Chicago. With the firm for 30 years, he died just prior to being transferred to the head office at New York.

Miami Valley CPCUs Meet

Dayton-Miami Valley chapter of CPCU was host to the Cincinnati chapter May 4 at a meeting at Miami Valley Country Club. Joseph Stansfield gave a talk on "The Newest Package Policies."

At the June meeting the Dayton-Miami Valley chapter will hold a golf outing at Walnut Grove Country Club.

Stocks

By H. W. Cornelius of Bacon, Whipple & Co., 135 S. LaSalle St., Chicago, May 9, 1961

	Bid	Asked
Aetna Casualty	129	132
Aetna Fire	111	112½
American Equitable	22½	24
American Newark	30	31
American Motorists	17½	19
Boston	35	36
Continental Casualty	108	110
Crum & Forster	86	Bid
Federal	71	73
Fireman's Fund	63	64
General Re.	133	137
Glens Falls	40¾	42
Great American	57	58
Hartford Fire	65	66
Hanover	45½	47
Home of N. Y.	57½	58½
Ins. Co. of No. America	87	89
Jersey Ins.	33½	34½
Maryland Casualty	41½	43
Mass. Bonding	43	44½
National Fire	128	132
National Union	44½	45½
New Amsterdam Cas.	78	81
New Hampshire	55	57
North River	42	43½
Ohio Casualty	28½	30
Phoenix, Conn.	95	97
Prov. Wash.	22	23
Reins. Corp. of N. Y.	25	27
St. Paul F. & M.	72	74
Springfield F. & M.	37½	38½
Standard Accident	60½	62
Travelers	122½	124
U. S. F. & G.	55	56
U. S. Fire	32½	33½

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No More Charitable Immunity In Ky.

Charitable immunity has been ruled out of order in Kentucky by the state court of appeals. In a 6 to 1 decision, the court held against Jewish Hospital of Louisville, saying the doctrine of immunity for charitable institutions arose from a conflict between right and expediency, with "expediency emerging as the victor."

Ruby Milliken, administrator of the estate of J. A. Demaree, charged Demaree died of injuries received when he fell from his hospital bed in a fall allegedly resulting from the negligence of the hospital, its agents, servants and employees. The hospital denied negligence and asserted a defense of charitable immunity which was sustained in circuit court. The court of appeals pointed out that requests have been made to it over the years to reappraise the immunity rule.

"It has not been right, it is not now right, nor could it ever be right for the law to forgive any person or any association of persons for wronging another person," the court declared. Those capable of doing negligent acts must answer in damages. "When there is negligence the rule is liability. Immunity is the exception."

Parker, Aleshire Feted On 60th Year With National Union

The 60th anniversary of representation of National Union by the Parker, Aleshire & Co. agency of Chicago was celebrated with a party at the Union League Club, Chicago, at which home office officials entertained the agency principals.

Appointment of Parker, Aleshire by National Union dates to the origin of the insurer in 1901 when the agency was composed of E. A. Parker and O. E. Aleshire and they were named "sole agents and Cook County managers." Donald W. Aleshire, son of O. E. Aleshire, is now president of the agency. Others on hand from Parker, Aleshire & Co. were Ernest Luehr, Harold Stratton and Frank Lodge.

President William MacLean and F. J. Shields, assistant vice-president, attended from Pittsburgh, and the Chicago office of National Union was represented by John G. Macfarland, vice-president, and Norman France, John W. Gates and John P. Hoffmann.

Tennessee Inspection Bureau has filed for an increase of 8.7% in dwelling fire rates. Homeowners is not affected.

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Agency Tells Insured What Is Paid For Them

George B. Greenberg, Tucson agent, comments on the April 21 editorial, *The Hard Road To Understanding*:

We have established in our office the practice of letting our insured know the amount we have paid out in claims to third parties. For instance, if we had to pay \$342 on account of our insured's damaging someone else's property, we let him know we paid out that sum of money. Therefore, he is aware of the fact that he is getting something for the premium that he pays in, and that the claim was a good deal more than his premium came to.

I think it would be a good practice for agents to adopt a similar type of notification. This would counteract some of the feeling that premiums are high, "and what do you get for it?"

Ia. Inspection Bureau Names Glenn Bondesson

Iowa Inspection Bureau has appointed Glenn W. Bondesson assistant manager.

Mr. Bondesson has been with Nebraska Inspection Bureau for more than 25 years. He has held various assignments, including chief engineer, and most recently has been assistant manager.

III Holding National Field Men Conferences

Insurance Information Institute will hold a series of regional conferences as part of its program of liaison activities with the associations of company field representatives.

Arrangements have been completed for the following meetings: Southwest, June 1-2, Dallas; Pacific Coast, June 5-6, San Mateo, Cal.; eastern, June 12-13, New York; southeast, June 22-23, Atlanta; and midwest, June 29-30, Chicago.

The meetings—a continuance of the annual public conferences held under the auspices of the regional underwriters associations now merged into Inter-Regional Insurance Conference—afford the presidents and the public relations committee chairmen of the field groups an opportunity to discuss public relations projects and to plan activities.

Nationwide Mutual Omitted From Tabulation

In the compilation of Ohio casualty figures in the April 28 issue, Nationwide Mutual was inadvertently omitted as the leading writer of auto PDL. Nationwide Mutual's direct premiums written of \$9,462,722 and direct losses of \$5,373,784 put it well in front of all other companies writing this line in Ohio.

Open House At United F.&C.

United Fire & Casualty entertained 300 agents from Iowa, Wisconsin and Illinois at an open house in its newly completed home office in Cedar Rapids.

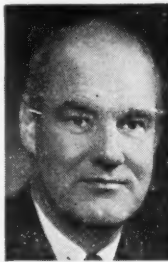
The home office was built in four stages, the last of which was completed in December. United F.&C. has 26,000 square feet of air conditioned office space. The open house was designed to acquaint agents with the new facilities.

Worcester, Mass., Board has elected Frank M. Mills president, John P. Sullivan vice-president, and Robert E. Dik secretary-treasurer.

Government Threat Grows, Haugh Warns

(CONTINUED FROM PAGE 1)

Space Administration and Department of Defense the right to grant contractors indemnity against liability without adequately protecting the right of



J. Victor Herd



W. E. Pullen

casualty insurers to provide underlying coverage.

J. Victor Herd, chairman America Fore Loyalty, was elected president to succeed Mr. Haugh. William E. Pullen, chairman and president U.S.F.&G., was named vice-president. New members of the executive committee are Aetna Fire, American Casualty, Fidelity & Deposit, Fireman's Fund, General Accident, Glens Falls and North America.

J. Dewey Dorsett, who was re-

St. Louis Agents Study Termination Problem With Direct Billing

The executive committee of Insurance Board of St. Louis is investigating reports that in some cases of direct billing plans insured have received letters from companies when the insurer-agent agreement is terminated.

It was stated that one company sent a letter to the agent's customers stating that coverage would lapse on the expiration date and that the company appreciated the opportunity to carry the insurance. The letter went on to say: "However, due to the fact that the agent no longer represents this company, we will not be sending you a statement of premium due."

The company does not suggest that insured contact the agency for continuation of the insurance, and it was charged that the implication in the letter is that of cancellation.

The executive committee of the St. Louis board indicated its feeling that an agent using continuous policies and direct billing should have its agency agreement amended or reworded to state that the company has no right to contact any of the agent's customers in the event of the termination between agent and company, regardless of the reason.

"We feel that this responsibility for renewing these insured in another company is the responsibility of the agent and the insurance company should not send a non-renewal notice, letter, expiration notice or any other type of correspondence to the insured," the executive committee stated.

Rosenthal Resigns In Ill.

F. Vernon Rosenthal, assistant director of insurance of Illinois, has resigned his position. It is expected he will be replaced by a Democrat.

The administration in Illinois is Democratic. Director Joseph Gerber (a Republican) is the only appointed member of the cabinet to retain his job, and there has been speculation that he will not go the full four-year route.

elected general manager, gave a comprehensive report on the association's activities. He announced that an industry defense information office has been established and that a permanent committee on market analysis is being created. He also described the research program, which covers such broad problems as employee turnover, salaries, marketing, electronic data processing, and quality and quantity control.

The principal function of the industry defense information office is to serve as a legal brief "bank" or library for the defense. This is a page from NACCA's book, he said, where it has worked effectively. The project is experimental and can only be successful to the extent companies cooperate with it and use it.

Market Analysis

The committee on market analysis, the creation of which reflects the growing intensity of competition in the business, will attempt to forecast potential markets for specific coverages and will examine competitive trends. The exchange of data among members will be coordinated by the committee.

The research department is placing major emphasis on means of reducing and controlling costs. Mr. Dorsett commented. It has been able to make its main contribution in fields calling for inter-company comparisons and those that go beyond the scope of individual company activity.

A major project in 1960 was the study of personnel to determine if turnover can be reduced. More than 100,000 company employees were questioned. Data was compiled by area, salary bracket and job classifications. The study showed that 64% of turnover was controllable through employee orientation, supervisory training, and psychological testing. Underwriters had the highest turnover rate, payroll auditors the lowest. Turnover in all job classifications was 55% higher in branch offices than in home offices.

Another personnel study was completed in wage compensation for such job classifications as special agents, claim and loss adjusters, payroll auditors, safety specialists, and fire and marine examiners. This one covered 8,000 employees representing an annual payroll of \$40 million. The report is expected to serve as a reference to aid companies in staffing middle management positions in a competitive labor market.

Office Employees

The 1961 survey covering 31 office employee categories now is under way, Mr. Dorsett said.

Clerical operations in automobile underwriting also were studied in 1960, he reported. The survey furnished criteria for determining the relative effectiveness of company operations, set up potential standards for procedures, and provided comparisons of company systems. The association sponsored the ninth workshop on cost reduction and control, which covered work measurement, quality control, and marketing and distribution of auto package policies.

The third in a series of chartbooks on underwriting trends recently was issued. It presents trends in auto premiums by volume and share of market and by type of company operation for the 1950-59 decade. Eight states with more than half the country's automobile insurance, were selected for the study. Statistics em-

phasized differences in various parts of the country. The report was so popular a second printing was required.

The association expends a considerable amount of its effort to improve claim conditions, Mr. Dorsett pointed out. Though receipt, adjustment, and payment of claims are the province solely of each insurer, a number of general problems are handled by the association—preventing fraudulent claims, holding down the cost of repairing property and people damaged in accidents, reducing costly litigation through arbitration, and providing

forums over the country where claim specialists consider common problems at the local level.

In 1960 the association's claim bureau investigated 1,500 persons suspected of fraud; 372 were referred to authorities for criminal prosecution or to bar associations and medical societies for disciplinary action. The cases of 161 were closed by prosecution. Among the results were the disbarment of 26 lawyers and suspension or reprimand of 14.

The casualty claims managers councils, 79 of them, have continued their

activity in improving claims administration. In 1960 several councils intensified their activities in working with medical societies regarding excessive doctors' fees.

More Arbitration

In arbitration, he said, 318 companies now participate in the nationwide inter-company agreement, compared with 152 in 1951. In 1960 28,000 cases were filed with 97 arbitration committees covering claims of \$8 million.

The independent appraisal plan continues to grow, he said, with 106 ap-

praisers having operations in 168 cities now participating. Almost 600,000 automobiles were appraised under the plan in 1960, a 13% increase over the preceding year. Reductions in potential repair costs in 1960 amounted to more than \$34 million.

Publications of the association continue to be best sellers, Mr. Dorsett observed, with more than 1 million sold or distributed in 1960. The association maintains some 80 titles in industrial, traffic, home, and school safety fields.

This department has developed a new service summarizing accident reports that are submitted to Interstate Commerce Commission. The reports provide basic facts concerning the accident, the results, the causes, and safety recommendations.

Insurer's Liability

In connection with the insurer's liability, the accident prevention department distributed last year a special report providing guidance in administering the legal aspects of safety engineering. The recommendations emphasize that insurance engineering facilities are organized and oriented toward helping insured set up their own loss control programs and that the insurer does not in any sense assume responsibility for management of insured's program.

Mr. Dorsett also commented on the legislative situation, which the association watches closely. There were nine state fund bills for workmen's compensation. In Oregon, the association and others sponsored a bill to permit private insurers to write WC. The bill passed one house, the best effort in 30 years.

Mr. Dorsett noted that of the 21 states in which compulsory auto was introduced during the last legislative season, 12 are west of the Mississippi.

Disability Benefits

There is the threat that disability benefits under the social security act will duplicate benefits under state WC laws, he said.

The business continues to be plagued by almost unbelievable court decisions, he said, even though the principal threat to the present adversary system is the rising cost of insurance.

The cost of running the association was \$799 per \$1 million of assessable member premiums in 1960, compared with \$837 in 1950. Of the 1961 budget, only 53% is allocated for operating expenses of association departments, 7% for fees and expenses of legislative attorneys, and 40% for other organizations such as Insurance Institute for Highway Safety and Insurance Information Institute.



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Canadian Experience With Merit Rating

The experience with automobile merit rating in Canada was discussed in detail by John L. Tabor, Buffalo agent, at Buffalo I-Day.

In 1953, Canada instituted a merit rating plan which is still in effect. The plan for private passenger cars has a very refined classification system. In addition to being rated by age of operator and use of vehicle, automobiles are further rated according to claims experience and driving experience of operators as follows:

"A" risks are those whose principal operator has been licensed continuously for the previous three years, and none of whose operators has sustained any accident with any private passenger car out of which a payment has been made on behalf of the operator.

"X" risks are those who meet the above requirements of licensing and claim-free operation for a period of two years instead of three years.

"Y" risks are those who meet the above requirements of licensing and claim-free operation for a period of one year only.

"B" risks are those where one or more of the following apply: Either some operator has been involved in an accident or has had a conviction within the past year, or the named insured or principal operator has been licensed for less than one year.

"1A select" is a revised class where the licensing and claimfree operation requirements are extended for a five year period.

Conclusions From Experience

The Canadian plan has its foundation in the credibility of experience rating for the single passenger car, Mr. Tabor observed. This foundation is based on experience and statistics to evaluate this credibility. From this experience, the following conclusions have been drawn:

1. The experience for one car for one year has significant and measurable credibility for experience rating.

2. In a highly refined private passenger car rating classification which reflects inherent hazard, there would not be much accuracy in an individual risk merit rating plan, but where a wide range of hazard is encompassed within a classification, credibility is much larger.

3. Given one year's experience if a second year is added, the credibility is increased roughly two-fifths. Given two year's experience, a 3rd year would increase the credibility by one-sixth of its two year value.

While until recently American automobile underwriters have felt there is little credibility in the experience of the single automobile, Canadian experience has definitely proved otherwise. Mr. Tabor commented. This is undoubtedly so because automobile accidents are not a matter of pure chance but are instead a factor of the driving habits of the operators. It is felt very strongly that this experience is so conclusive that merit rating of individual automobiles is not only desirable but necessary to spread insurance costs equitably.

Extensive Changes

The Canadian merit rating plan, like the plans now in use in the U.S., did not develop overnight, Mr. Tabor said. There have been extensive changes since its inception in 1953. Originally, there were only classes "A" and "B"; "A" including all drivers with no accidents, and "B" including all claim producers. The original plan also required insured to own an automobile

for the three year period, and applied only to class 1 risks. In 1954 the plan was extended to cover all classes, including commercial, and the licensing requirement was substituted for the ownership requirement. Another change was adopted in 1956 to enable risks with clean records for two years instead of three to benefit, thus creating class "X." Again in 1957 benefits were extended to those having claim-free records for the year, in the form of class "Y."

Describe Present Differentials

As it now stands, the differentials used are 100% for a "B" risk, 90% for a "Y" risk, 80% for an "X," 65% for an "A" risk, and 55% for the "1A select" risk.

In Canada where there is compulsory filing of statistics by all insurers complete statistics are available. This helps the credibility since complete and unbiased evidence is available.

It seems that the advantages of the Canadian rating plan offset the disadvantages so far as the majority of

companies, agents, and the public are concerned. It permits low rates for the select risks, and the insuring public demanded this differential. It also provides the companies with a rate that will carry the claim producing risks.

The worst problem found under this plan is that the companies are under constant pressure to forget small losses, Mr. Tabor observed. This has resulted in insured paying small property damage losses in order to protect their merit rate. This, in effect, is creating a deductible coverage, and reducing company claim adjustment expenses. It is felt, in Canada, that few persons will jeopardize their insurance by making false statements, and this practically eliminates inaccuracy on new applications.

Now that the Canadian plan has been in effect for 8 years, has been refined, has been accepted, and the practical problems encountered have been overcome, few Canadians would desire to do without it.

L. J. Shaw, Chicago adjusting company, has named William R. Warren a staff adjuster.

Chastain Field Head Of American Institute

James J. Chastain has joined American Institute as director of field services. He will work with educational institutions countrywide to assist them in organizing and developing CPCU programs and Insurance Institute of America classes designed to lead to the more advanced studies.

Mr. Chastain, who is a CPCU and a CLU, has most recently been associate professor of insurance at University of Omaha. From 1954 to 1957 he was assistant professor of insurance at Drake University. Prior to that, he was insurance instructor at University of Wyoming. He has taught many CPCU, CLU and Insurance Institute classes over the past few years.

Loewenguth & Hughes agency of Rochester, N.Y., has been merged into the Ashley agency there. Arthur L. Griffith is chairman and Herbert J. Hoeffel president of Ashley. Frederick M. Loewenguth and Thomas Hughes have been named vice-presidents of that firm.

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Outlines Phases Of Sound Insurance Programming, Recommends Broad View

An effective insurance survey should combine analysis of perils, review of insured's current coverage, and program planning, Dr. Edwin S. Overman, assistant dean of American Institute, told a meeting of Insurance Hall of Fame at Ohio University. To develop a sound survey, he said, a systematic procedure must be established, based on tested techniques which can control and guide the entire process.

The four procedural phases, each requiring a number of separate decisions, are: Studying the nature of the institution needing protection; detecting perils that face the client and measuring their potential harm; prescribing treatment for these perils;

and presenting the program of recommendations to the client.

To study the nature of the institution, it is not sufficient for a surveyor to know insurance, Dr. Overman said. He should also be familiar with his client's business, particularly when there are peculiar characteristics which may call for special treatment. Until he has made a preliminary study, he will not know which aspects of its operation call for more thorough understanding. Dr. Overman predicts that the insurance man who takes the time to study various businesses, pro-

fessions, and institutions will have an advantage over his associates who fail to acquire this information.

He cited a surveyor in the southwest who gained a thorough background in hospital administration. As a result, he writes business for practically all hospitals, medical clinics, and rest homes in his section of the state. A New York surveyor has developed a similar specialty in automobile dealerships.

These specialists study the trade literature of the field in which they specialize, he said. They also read technical journals and textbooks which provide knowledge of the fundamentals and technical language relative to these fields.

In the second phase of the survey process—detecting perils that face the client and measuring their potential harm—consideration should first be given to the total complex of perils, Dr. Overman said. No attempt should be made to prescribe a treatment for perils until the surveyor has reviewed all exposures. In this way there will be less likelihood of his overlooking or neglecting perils which may later prove to be important in the program of recommendations.

The next step is the separation of the insurable from uninsurable perils. This important process requires a thorough knowledge of domestic and foreign markets because some hazards may be considered uninsurable by one company and acceptable by another.

Reduce Loss Potential

An attempt should be made to reduce, where possible, the loss potential of uninsurable perils, Dr. Overman stated. For example, where a factory has become partially obsolete and is located in a low-lying flood area, consideration might be given to relocating the plant on higher ground, thus removing flood hazard and providing for greater efficiency.

Attention should then be directed to insurable perils, he continued. These should be classified according to the degree of potential loss to the client. One method of classification is to rank hazards as catastrophic, less disastrous and least dangerous. Coverages may be correspondingly categorized as essential, desirable and available.

In accomplishing this breakdown, the surveyor should consider both severity and frequency of loss. Generally the two elements will counterbalance each other: The greater the severity of loss, the lower the frequency and vice versa. Thus, severe loss perils are usually ranked first in importance even though likelihood of occurrence is small. Because premium rates reflect both severity and frequency, catastrophic perils usually carry a moderate cost.

Dr. Overman pointed out that the ranking of perils is not easy. Extreme cases of great severity with low frequency, on the one hand, and low severity with high frequency on the other, present little difficulty. But intermediate areas offer many complications, because severity and frequency tend

(CONTINUED ON PAGE 41)

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Direct Premiums, Direct Losses For Fire And Allied Lines In 1960 In Indiana

Fire

	Direct Premiums	Direct Losses
Continental	2,995,525	1,292,873
Home	2,417,587	1,199,360
Actna Fire	2,002,054	993,621
Indiana	1,970,949	960,348
Grain Dealers Mut.	1,715,548	645,485
Mfrs. Mut. Fire	1,541,981	4,159
Hartford Fire	1,516,004	662,937
North America	1,394,395	1,278,431
Farm Bureau, Ind.	1,333,865	915,942
National Fire	1,133,194	539,832
Actna Casualty	418,658	160,533
Affiliated FM	104,252	69,889
Agricultural	280,869	187,078
Allstate	105,120	55,086
American Casualty	235,085	62,593
American Central, Mo.	93,048	12,192
American Druggists	53,417	15,168
American Employers	42,387	24,955
American Equitable	154,924	56,268
American Home	108,747	27,991
American Liberty Mut.	630,750	125,832
American Mfrs. Mut.	30,068	26,276
American Merchants Mut.	56,015	6,740
American Motorists	25,334	15,370
American National Fire	31,260	1,238
American States	42,009	14,291
American Surety	929,123	529,369
American Union	40,158	39,322
Arkwright Mutual	46,440	25,863
Assurance of America	407,917	14,159
Atlas	28,410	51,999
Auto-Owners	339,559	193,082
Badger Mutual	142,000	85,320
Bankers & Shippers	82,746	14,821
Blackstone Mutual	75,969	152,343
Boston	297,292	57,625
Boston Mfrs. Mutual	133,935	50,208
Brotherhood Mutual	761,811	5,169
Buckeye Union Fire	311,057	82,291
Buffalo	322,886	233,123
Camden	49,864	24,070
Cannex Exch.	349,784	266,649
Centennial	140,435	1,053
Central Mutual, O.	99,282	86,228
Citizens of N.J.	140,576	177,970
Citizens Mutual Fire	165,830	92,462
Commercial, N.J.	32,103	13,947
Commercial Union Assur.	62,187	94,950
Commonwealth	199,699	103,158
Connecticut Fire	62,912	44,871
Consolidated	56,684	51,428
Continental Casualty	87,846	24,754
Cream City Mutual	68,570	60,409
Dubuque F. & M.	26,919	161
Economy Fire & Cas.	29,617	7,908
Employers Cas. Tex.	55,018	13,414
Employers Fire, Boston	51,433	12,418
Employers Liability	25,990	5,406
Employers Mutual Cas.	196,619	210,911
Employers Mutual Fire	48,823	20,692
Equitable F. & M.	62,521	4,002
Excelsior	67,933	4,364
Farmers Mutual Auto	38,045	21,913
Federal	54,082	30,068
Federated Mut. I. & H.	61,218	4,322
Fidelity-Phoenix	180,069	293,627
Fireman's Fund	492,763	159,238
Firemen's of Newark	678,970	122,627
Firemen's Mutual	481,824	587,282
First National, Seattle	567,179	177,843
Fulton	61,045	16,533
General Accident	47,996	12,691
Globe & Republic	337,885	154,976
Globe Indemnity	341,688	152,428
Globe & Republic	251,617	158,106
Gulf	67,546	29,339
Hamilton Fire	1,062,505	462,351
Hanover	284,354	132,729
Hardware Dealers Mut.	29,946	3,410
	231,195	83,951
	223,090	34,726

Direct premiums written and direct losses paid for fire, extended coverage, homeowners multiple peril, commercial multiple peril, growing crops, ocean marine and inland marine business in Indiana are shown in the accompanying tables. Each of the lines reported on shows the business only if direct premiums exceed \$25,000. For the lines of general interest, the 10 leading companies in premium are shown at the head of the list in bold face type in order of premium volume; the rest of the companies are listed in alphabetical order. Figures are taken from page 14 of the annual statements of companies as reported to the Indiana department. Direct premiums and direct losses reflect results exclusive of reinsurance transacted, and thus are not acceptable as reflecting a company's loss ratio. Casualty lines will be reported in a later issue.

	Direct Premiums	Direct Losses		Direct Premiums	Direct Losses
Hawkeye-Security	122,317	\$5,703	Reliance	875,857	\$1,263
Home F. & M.	30,518	27,054	Republic of Dallas	73,661	16,591
Hoosier	45,267	29,549	Royal Exchange	54,560	21,020
Illinois	33,793	30,289	Royal Indemnity	67,538	20,964
Illinois National	31,132	31,107	Royal	344,690	154,891
Independent Mut. Fire	93,400	22,455	Safeguard	104,563	68,966
Indiana Farmers Mut.	878,746	531,878	St. Paul F. & M.	590,386	319,148
Ind. Lumbermen's Mutual	986,672	334,498	St. Paul Mercury	30,547	24,108
Ind. Retail Mer. Mut. Fire	25,083	4,682	Scottish Union	53,205	14,591
Industrial Mutual	330,195	33,452	Secured	138,055	86,994
Jersey	34,895	26,352	Security, Conn.	51,679	27,410
Kansas City F. & M.	28,543	35	South Carolina	32,455	22,647
Liberty Mut. Fire	85,646	35,179	Springfield	565,189	538,651
L. & L. G.	183,442	106,504	Standard Accident	129,559	124,084
London Assur.	77,537	26,426	Standard Fire	115,480	58,002
London & Lancashire	146,412	64,651	Standard Fire of N.J.	106,148	15,181
Lumbermen's Mut., O.	121,072	53,276	State Farm Fire & Cas.	308,344	155,462
Manhattan F. & M.	44,420	12,561	Statesman	176,795	120,750
Maritime	25,369	12,253	Sun Office	93,147	29,392
Maryland Casualty	78,583	62,317	Sun of N.Y.	42,063	16,709
Mayflower	79,139	50,038	Switzerland General	33,340	31,331
Mercantile	31,721	21,434	Transcontinental	180,376	121,822
Merchants Fire Assur.	228,962	89,110	Travelers Indemnity	788,132	368,806
Merchants Indemnity	29,037	177	Trinity Universal	185,529	46,292
Merchants Property, Ind.	524,319	241,433	United Benefit Fire	74,172	5,970
Meridian Mutual	465,720	222,498	United Fire	106,148	15,181
Michigan Mut. Liab.	65,035	27,383	U.S. F. & C.	719,212	239,260
Millers Mut., Ill.	31,423	95	U.S. Fire	540,410	184,473
Millers National	270,884	87,949	Universal Under, Mo.	71,142	53,730
Milwaukee	187,851	160,799	Vernon F. & C.	125,504	33,288
Minnesota Mut. Fire	36,395	14,805	Wabash Fire & Cas.	323,881	213,554
Monarch	33,646	40,175	Warner Reciprocal Ex.	39,360	37,456
Motorists Mutual	37,530	37,479	West Bend Mut.	40,882	19,361
National Auto & Cas.	26,103	30,072	Westchester	184,526	109,844
National Ben-Franklin	108,077	57,807	Western Fire, Kan.	59,781	21,468
National Surety	55,033	7,319	Western Mutual	71,053	45,909
National Union	371,985	127,202	Worcester	39,741	13,498
New Amsterdam	27,679	27,072	Yorkshire	44,867	1,531
Newark	98,662	27,822	Zurich	40,431	8,743
New Hampshire	132,303	111,169			
New York Fire	75,538	27,086			
New York Under.	308,620	172,137			
Niagara	267,735	167,916			
North British	127,272	47,916			
Northern Assur.	142,242	56,771			
Northern of N.Y.	199,688	116,152			
North River	328,785	232,166			
Northwestern Mutual	116,518	29,716			
Northwestern National	77,270	35,751			
Ohio Casualty	141,463	41,639			
Ohio Farmers	490,840	242,166			
Old Colony	27,258	23,708			
Pacific Nat. Fire	82,457	60,242			
Pacific of N.Y.	144,581	76,633			
Pearl	62,001	15,287			
Penn Mutual Fire	125,076	35,117			
Pennsylvania	137,225	103,965			
Philadelphia Mfgs. Mut.	117,747	3,136			
Phoenix Assur.	172,919	95,352			
Phoenix, Conn.	620,779	324,710			
Potomac	64,959	89,873			
Protection Mutual	480,306	42,439			
Providence Washington	136,552	73,194			
Queen	153,931	90,832			

	Direct Premiums	Direct Losses		Direct Premiums	Direct Losses
Bankers & Shippers	40,332	21,611	Indiana	1,134,913	336,570
Boston	43,089	18,802	Farm Bur. Mut., Ind.	1,006,265	337,333
Brotherhood Mutual	162,180	26,316	Continental	1,058,145	343,054
Buckeye Union Fire	177,368	76,651	Home	979,650	315,828
Camden	104,609	86,346	Actna Fire	810,569	315,828
Cannex Exch.	25,469	35,295	Hartford Fire	573,394	248,701
Centennial	28,858	12,950	American States	485,681	188,609
Central Mutual, O.	46,674	12,218	North America	483,721	230,348
Citizens of N.J.	64,481	30,586	National Fire	451,178	210,698
Commercial	59,461	23,400	Great American	314,784	121,553
Commercial Union Assur.	53,849	21,879	Aetna Casualty	129,791	59,526
Commonwealth	26,220	8,504	Agricultural	90,527	49,551
Connecticut Fire	37,538	11,100	Allstate	117,433	37,072
Consolidated	41,776	13,570	American Casualty	88,062	29,116
Dubuque F. & M.	38,959	19,767	American Central	35,586	22,361
Economy F. & C.	26,171	14,660	American Equitable	55,192	15,271
Employers Fire	60,844	26,872	American Home	30,529	16,840
Farmers Mutual Auto	45,234	15,940	Atlas	272,093	107,991
Federal	49,386	28,596	Auto-Owners	67,369	10,287
Federated Mutual I. & H.	108,347	32,481	Badger Mutual	28,740	14,821
Fidelity-Phoenix	296,944	12,317			
Fireman's Fund	130,117	53,066			
Firemen's of Newark	270,581	100,415			
First National, Seattle	28,748	10,353			
General Accident	128,130	47,655			
General of Seattle	151,152	74,755			
Glens Falls	126,845	5,830			
Globe & Republic	32,352	41,733			
Grain Dealers Mut.	304,497	109,224			
Gulf	185,883	67,258			
Hanover	91,816	31,183			
Hardware Dealers Mut.	44,548	16,027			
Hawkeye-Security	68,461	42,689			
Ind. Lumbermen's Mut.	267,578	61,129			
Independent Mut. Fire	62,266	5,158			
L. & L. G.	51,248	58,999			
London Assur.	30,894	15,282			
London & Lancashire	54,468	26,476			
Lumbermen's Mut., O.	37,721	15,113			
Maryland Casualty	25,548	9,352			
Mayflower	45,368	20,471			
Merchants Fire Assur.	123,993	31,482			
Merchants Property, Ind.	197,646	79,488			
Meridian Mut.	257,970	74,954			
Millers National	63,721	48,755			
Milwaukee	90,271	45,373			
Nat.-Ben Franklin	49,263	21,704			
Nat. Union	90,361	34,932			
Newark	32,668	15,100			
New Hampshire	56,076	21,095			
New York Fire	35,058	17,924			
New York Under.	114,678	47,269			
Niagara	109,839	58,000			
North British	31,074	10,142			
Northern Assur.	53,201	16,286			
Northern of N.Y.	106,637	47,658			
North River	107,559	47,410			
Northwestern Mut.	45,985	14,826			
Northwestern National	40,170	24,681			
Ohio Casualty	60,120	25,107			
Ohio Farmers	278,166	156,910			
Pacific Nat. Fire	63,529	29,429			
Pacific of N.Y.	66,891	31,066			
Penn Mutual Fire	57,621	27,988			
Pennsylvania	52,261	20,523			
Phoenix Assurance	63,133	21,388			
Phoenix, Conn.	134,065	45,366			
Potomac	25,156	11,418			
Providence Washington	47,443	23,292			
Queen	46,283	26,498			
Reliance	111,505	34,790			
Republic of Dallas	70,177	22,835			
Royal	91,440	20,898			
Safeguard	59,250	35,612			
St. Paul F. & M.	210,907	102,617			
Secured	66,014	33,915			
Springfield	218,430	96,339			
Standard Accident	33,423	22,486			
Standard Fire	36,681	18,093			
Standard Fire of N.J.	31,490	14,789			
State Farm F. & C.	199,017	84,080			
Statesman	89,451	16,116			
Sun Office	27,042	12,583			
Transcontinental	66,043	26,945			
Travelers Indem.	203,747	110,757			

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Capital Stock Companies Writing

	Direct Premiums \$	Direct Losses \$		Direct Premiums \$	Direct Losses \$		Direct Premiums \$	Direct Losses \$		Direct Premiums \$	Direct Losses \$
Trinity-Universal	77,023	22,887	Ind. Lumbermen Mut.	524,864	146,613	Central Mutual, O.	91,477	20,217	Farmers Mutual Auto	9,902	5,746
U.S.F.&G.	209,642	73,378	General Accident	509,606	174,635	Cincinnati	33,988	6,763	Federal	67,578	48,473
U.S. Fire	193,474	108,914				Citizens of N.J.	35,355	11,343	Federal Mutual	35,794	8,920
Vernon F.&C.	66,540	20,482	Aetna Casualty	206,820	90,013	Citizens Mutual Fire	42,741	16,583	Federated Mutual I.&H.	163,028	48,299
Wabash F.&C.	154,015	83,502	Aetna Fire	445,882	106,483	Commercial, N.J.	58,440	6,648	Fidelity-Phenix	176,392	18,877
Westchester	77,576	31,873	Agricultural	91,152	24,864	Commercial Union Assur.	51,514	15,672	F.C. & Conn.	114,500	16,056
Wolverine	31,234	24,176	American Casualty	112,034	21,909	Commercial Union, N.Y.	27,820	6,247	Fire Exchange, Cal.	84,977	16,207
			American Central	49,631	11,558	Connecticut Fire	59,685	17,063	Fireman's Fund	114,541	20,653
			Am. Equitable Assur.	40,117	9,760	Consolidated	219,357	91,062	Firemen's of Newark	151,606	24,849
			Am. Indemnity, Tex.	36,774	12,379	Continental	49,274	49,274	Fulton	34,050	727
			American	320,575	70,328	Cream City Mutual	30,140	5,659	General of Seattle	146,054	81,662
			American Union	30,836	4,374	Dubuque F.&M.	67,574	12,001	Glens Falls	146,834	67,752
			Auto-Owners	164,031	51,992	Economy F.&C.	213,939	42,701	Globe & Republic	54,734	10,970
			Badger Mutual	64,032	15,574	Employers Fire, Mass.	112,522	29,316	Grain Dealers Mut.	474,629	117,645
			Bankers & Shippers	144,536	53,128	Employers Liab.	33,512	10,894	Great American	281,322	65,939
			Boston	37,018	25,553	Employers Mut. Fire	30,945	7,102	Great American	452,946	97,540
			Brotherhood Mutual	58,254	4,474	Equitable F.&M.	42,766	11,040	Hamilton Fire	28,871	8,662
			Buffalo	27,396	4,837	Excelsior	28,174	7,389	Hanover	156,660	45,967
			Camden	74,214	14,107	Farm Bur. Mut., Ind.	335,323	99,282	Hardware Dealers Mut.	97,682	53,020
									Hartford	298,311	57,295
									Hawkeye-Security	83,720	42,483
									Illinois National	39,513	10,089
									Jersey	40,895	28,468
									Liberty Mutual Fire	57,527	12,839
									London Assur.	32,621	7,339
									London & Lancashire	67,397	26,786
									Lumbermen Mut., O.	86,359	26,479
									Maryland Casualty	32,016	7,344
									Mayflower	120,133	48,919
									Merchants Fire Assur.	135,039	22,986
									Merchants Indemnity	34,904	1,072
									Merchants Property, Ind.	299,287	66,465
									Meridian Mut.	468,771	132,561
									Mich. Mutual Liability	79,346	24,605
									Millers National	61,152	17,430
									Milwaukee	50,481	9,186
									Minnesota Mut. Fire	41,030	6,686
									Motorists Mutual	146,331	43,634
									National Fire, Conn.	366,296	111,665
									National Union	98,093	26,817
									Nationwide Fire	52,020	6,279
									Newark	28,575	5,886
									New Hampshire	47,321	18,472
									New York Fire	32,343	8,315
									New York Underwriters	110,391	33,200
									Niagara	68,094	8,720
									Northern Assur.	56,749	7,317
									Northern of N.Y.	197,485	45,096
									North River	75,744	27,803
									Northwestern Mut.	124,092	61,557
									Northwestern National	50,100	24,922
									Ohio Casualty	241,538	83,078
									Ohio Farmers	476,139	145,108
									Pacific Nat. Fire	160,828	28,284
									Pacific of N.Y.	154,286	21,836
									Penn Mutual Fire	61,092	38,909
									Pennsylvania	49,214	9,279
									Phoenix Assur.	56,386	8,033
									Phoenix, Conn.	173,037	43,339
									Potomac	99,383	22,950
									Providence-Washington	43,472	18,706
									Queen	31,967	26,364
									Reliance	93,193	14,610
									Republic of Dallas	118,712	32,421
									Royal Exchange	29,877	7,328
									Safeguard	102,068	18,811
									St. Paul F.&M.	239,648	83,465
									Secured	171,693	40,480
									South Carolina	79,096	38,440
									Springfield	245,419	86,083
									Standard Accident	85,379	18,454
									Standard Fire	43,207	28,992
									Standard Fire of N.J.	24,989	14,239
									Statesman	158,316	50,394
									Sun Office	39,642	12,645
									Transcontinental	92,224	29,101
									Trinity Universal	511,633	62,162
									U.S.F.&G.	418,871	97,892
									U.S. Fire	209,960	44,674
									Vanguard	36,461	3,875
									Vernon F.&C.	121,341	27,285
									Wabash F.&C.	433,932	157,886
									Westchester	88,525	19,717
									Western Fire, Kan.	299,523	31,876
									Wolverine	160,470	43,459
									Zurich	32,089	2,697

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IT'S MUTUAL (Northwestern, that is)

Mutual effort gave Athos, Porthos and Aramis—The Three Musketeers—an extra competitive edge. It still works. With Northwestern, a 100% agency mutual, you have two telling (and selling) advantages—the savings of a strong mutual company, the services of your own independent agency.

You'll find it a good combination—and it's Mutual.



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today—for
all the
information
about an agency
agreement

Growing Crops

Aetna Fire	65,268	49,741
Agricultural	44,390	7,767
Continental	62,289	14,753
Farm Bur. Mut., Ind.	38,818	28,532
Farmers Mut. Hall	533,227	185,219
Great American	54,068	24,093
Hartford Fire	48,677	12,394
Home of N.Y.	64,738	17,079
Indiana Mutual Hall	294,549	76,773
North America	26,784	23,965
St. Paul F.&M.	45,541	28,092
Springfield	75,856	9,611
State Farm F.&C.	36,235	12,569

Inland Marine

North America	596,480	312,024
Hartford Fire	563,879	331,292
Aetna Fire	421,004	155,711
Home	324,168	148,182
St. Paul F. & M.	288,427	84,746
Federal	285,776	82,044
Indiana Fire	219,587	132,629
Indiana	209,700	91,389
Agricultural	206,276	128,163
Phoenix, Conn.	182,796	90,696
Aetna Casualty	181,595	62,091
American Casualty	50,179	13,323

FIRE • CASUALTY • AUTOMOBILE • INLAND MARINE

Direct
Losses

5,746
48,473
8,920
48,299
18,877
16,056
16,207
20,653
24,849
727
81,662
67,752
10,970
117,645
65,939
97,540
8,662
45,967
53,020
57,295
42,463
10,089
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331,292
155,711
148,182
84,746
62,044
132,639
91,389
128,103
90,696

62,091
13,323

Direct
Premiums

Direct
Losses

	Direct Premiums	Direct Losses
American Central	38,649	16,052
American	105,254	54,761
American States	161,606	67,567
American Surety	68,859	39,295
Atlantic Mutual	29,622	11,152
Auto-Owners	39,278	13,869
Boston	25,768	2,805
Buckeye Union Fire	69,935	30,432
Calvert	37,837	34,315
Camden	48,174	15,562
Centennial	69,572	19,896
Citizens of N.J.	34,057	15,268
Commercial Union Assur.	50,926	20,362
Continental Casualty	77,231	142,545
Continental	64,378	37,325
Employers Fire, Mass.	41,363	19,175
Employers Mutual Fire	29,214	3,495
Farmers Mutual Hail	64,241	51,395
Federated Mutual I.&H.	116,826	148,405
Fidelity-Phenix	27,995	3,263
Fireman's Fund	158,164	77,922
Firemen's of N.J.	39,706	8,084
General Accident	39,135	19,247
General of Seattle	59,027	28,229
Glens Falls	86,232	31,104
Grain Dealers Mutual	60,656	18,370
Great American	110,393	36,829
Gulf	25,606	10,825
Hanover	30,378	10,035
Hard. Dir. Mut. Fire	50,883	15,930
Ind. Lumbermens Mut.	67,964	22,678
Liberty Mutual Fire	33,265	—629
L.&L.G.	44,890	5,873
Lumbermens Mut., O.	25,618	7,716
Manhattan F.&M.	49,687	25,187
Maritime	31,952	6,094
Maryland Casualty	26,504	24,275
Meridian Mutual	32,796	5,356
Michigan Mutual Liab.	32,460	10,302
Millers National	26,098	24,285
National Surety	30,004	5,978
National Union	80,563	33,346
Newark	48,304	8,075
New York Underwriters	47,610	35,391
Niagara	25,200	9,395
North River	28,059	4,667
Ohio Casualty	26,523	6,284
Ohio Farmers	52,673	10,896
Royal	26,890	2,451
Springfield	55,774	12,898
Standard Accident	55,011	18,240
Standard Fire	78,873	33,648
Statesman	25,299	5,583
Transportation	49,042	30,083
Travelers Indemnity	153,260	103,827
Truck Exchange	156,901	146,227
U.S.F.&G.	168,503	120,204
U.S. Fire	41,394	8,071
Wabash F.&C.	46,386	29,723
Western Fire	30,710	7,932

Ocean Marine

Aetna Fire	800,830	212,558
Atlantic Mutual	26,921	6,575
Centennial	29,719	11,791
Federal	203,092	148,225
Hanover	28,800	6,596
Hartford Fire	30,436	3,269
Home of N.Y.	56,343	15,062
North America	106,964	55,014
Liberty Mutual	140,763	30,450

Paint Bridge, Spatter Cars

It happens periodically. It is now happening in New York where the Manhattan Bridge is being repainted and owners are filing claims for red paint spots on their cars. However, auto comprehensive has a \$50 deductible in New York City, so they are filing claims against the city. The city has a man out under the bridge wiping paint spots off the cars before they dry.

Drivers from outside the city with full cover comprehensive are collecting their damage claims from the insurers.

Brown Brothers Names Henderson

Brown Brothers Adjusters has assigned Rolland Henderson to Palm Springs, Cal., as adjuster-in-charge. He went with the firm in 1957 at Fresno.

Hartford Fire group has moved its entire Seattle operations into a newly erected building at 1820 Eastlake Avenue, East.

Sees Need To Attract Persons Into Business

Mrs. Muriel B. Hively, executive secretary of Insurance Assn. of Los Angeles, writes regarding the Feb. 10 editorial urging upon fire-casualty agents "a constructive reaction" to the dearth of young men entering the insurance industry from college:

The membership of this association (also members of NAIA) is facing up to the cold facts that the pipelines from the insurance industry to the colleges and universities are not freely flowing with its story.

Our president, Stephen R. Dach, stressed the strengthening of our pipelines to educational centers as one of the major objectives during his administration. He urges upon our membership the task of finding ways and means to interpret our functions to college and university men and women who might be, who could be or who should be given the opportunity to be interested in insurance as a career.

To that end Insurance Assn. of Los Angeles is placing particular stress on two long range projects:

1. Open new avenues of communication to colleges and universities and cement existing relations with their administrative heads so that we may become known as a source of supply for speakers and career counselling on our own phase of the industry.

2. Incorporate into our program the continuing practice of our individual members inviting college students as guests to our general meetings (our annual insurance day, our monthly dinner and luncheon meetings, our clinics and workshops) and to offices where they can see the fire-casualty agency in action.

This is not to say that either project is a fait accompli. But the climate is set for us to assume a share of responsibility in seeing that insurance has a more articulate voice in the collegiate world.

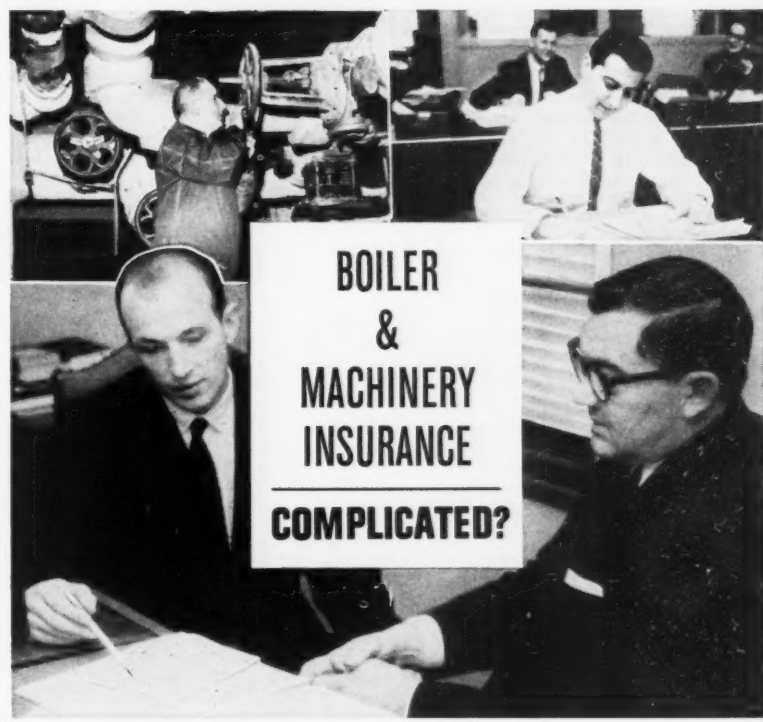
Youngstown Agents' Assn. Elects Woodman President

Thaddeus A. Woodman Jr. has been elected president of Youngstown (O.) Assn. of Insurance Agents, succeeding John B. Booth. Other new officers are Nicholas A. Titangos, vice-president; Howard W. Cailor secretary-treasurer; and Carl M. Wolter, executive secretary.

Mutual Board Bill In N. J.

A bill introduced in New Jersey would provide that not more than one third of the directors of mutual companies may be officers of the company or members of their immediate families.

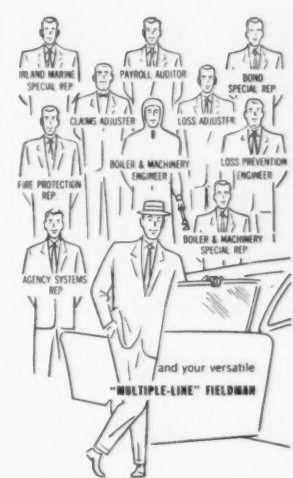
The Minnesota district office of Home Mutual of Appleton, Wis., has been moved to 4018 West 65th Street, Minneapolis. Henry A. Bergerson is resident manager.



Not for the Royal-Globe agent!

He has an unbeatable sales team — production man, underwriter and engineer — to back him up. These three men evaluate the risk and present a proposal that uniquely meets the needs of the risk. Their Functional Program lends the necessary technical weight to any Royal-Globe agent's presentation.

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All Multiple Line

Tri-State Insurance Company
Farmers and Merchants Insurance Company
Midwestern Insurance Company

Home Office
Tri-State Insurance Building
Tulsa, Oklahoma

Agent Must Change To Meet Changes Influencing His Position

(CONTINUED FROM PAGE 7)

operate efficiently and economically in the competitive days ahead; training and educating the agent so that he functions competently and aggressively as a sales promoter; promoting the welfare of those companies which want to operate under the agency system; strengthening agents' associations so that they can speak with authority on behalf of the agents; and, after all the other steps have been taken, by legis-

lative action aimed at preventing unfair competition through inadequate rates or misleading representations.

The usual agency contract deals with a number of subjects, but three—commissions, termination of contract and ownership of expirations—are the areas that are particularly threatened by the impending changes, Mr. Morrison said. A full and free discussion should take place before decisions are made. The only way to get such dis-

cussion is to offer suggestions that can be "kicked around" in the exchange of opinion and counter-opinion. Consequently, he said, he was presenting his ideas as suggestions only.

As company operations are simplified and centralized, there will be fewer details for the local agent to handle. The companies will seek to reflect this shift in burden by a reduction of the amount of commission. No one can foresee just how this shift

will develop. Conditions undoubtedly will vary agency to agency and company to company. Some agencies may be able to retain certain functions while other agencies will not. Here the Canadian experience might be suggestive.

Commission Break-Down

Instead of providing for a flat overall commission in the agency contract the commission might be broken down into a schedule of services—so much for procuring the business, for writing policies, for assisting in collection of premiums, for handling of small claims, etc. Many agents would be better off if they collected a 7.5% commission on each premium with no expenses to pay, no financing to provide, and no collections to worry about—provided their expirations were safely their own. Serious thought must also be given to the amount of commissions to be paid to the agent on the renewal of policies when no additional selling effort has been required in the renewal.

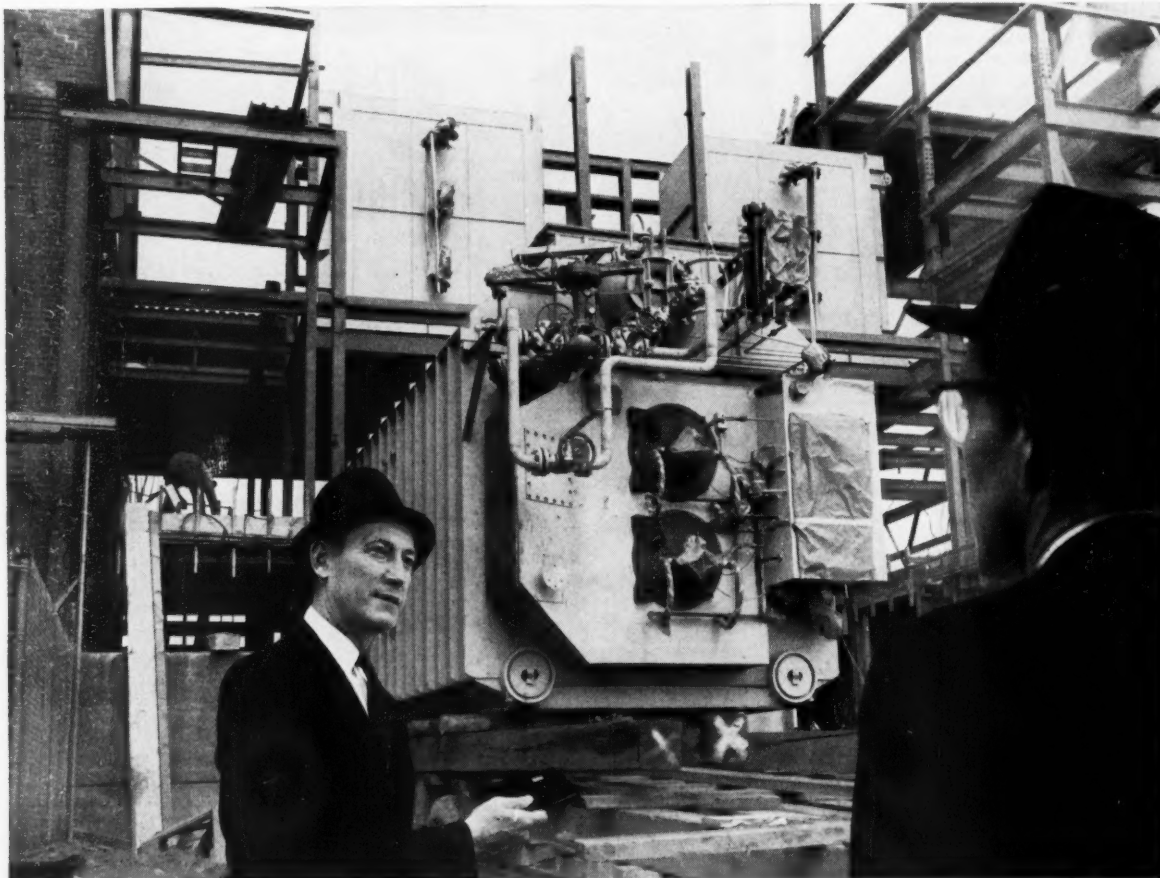
As presently written, most contracts provide for termination at will, Mr. Morrison observed. Up to now this has not been too serious because it has been comparatively easy for an agent to secure another company to take over the business, except possibly automobile insurance. As the number of companies diminishes and agency appointments become more difficult to secure, the sudden termination of an agency relationship will become a much more serious matter. Unless termination is for a breach by the agent of his agency agreement—for such cause as failure to pay his accounts on time or fraudulent conduct or violation of limitations placed upon him—it is suggested that contracts be amended to provide notice of 60 or 90 days for termination.

Nothing in the proper conduct of an insurer's business should make such a provision either unfair or unduly burdensome on it, he said. A company which plans to withdraw from a state certainly makes its plans in advance, and the agency force should be given some warning. If a company's license to operate in a state be terminated suddenly, Mr. Morrison does not believe this would constitute a breach by the company of such a contract provision.

Value Of Expirations

Many agents fear that the proposed changes threaten their ownership of expirations. It might be more accurate to say that they fear that the value of their expirations will be diminished. According to their position, the average insured knows who his agent is but does not know what company writes his fire or casualty insurance. As a result, the agent can substitute another insurer without running into any resistance. This is quite different from the condition that exists in the life business where the average insured knows the name of his company.

If bills for fire and casualty insurance are to be sent directly from the company to insured on the company billhead and checks are drawn to the order of the company, if renewals go out direct from the home office, if changes which require endorsement of the policy are communicated directly to the company, these agents feel that their insured will become attached to a particular company, particularly if they are pleased with the service, and that the agent will lose his freedom of substitution. If the agency is terminated, insured will want to continue to do business with the same company



**Boiler and
machinery
coverages too
technical
for you?**

Then let us be your Engineering Department.

Do you have assureds or prospects who need boiler and machinery coverage ... but you hesitate to go too deeply into the subject because of the technical aspects? If you continue to pass up this profitable business, there's a good chance a competitor will write it sooner or later. And that will give him a "foot in the door" ... an opportunity to get *all* your client's business.

Why risk such a loss? Why miss business that can be *very profitable* to you?

Whenever boiler and machinery coverage is needed, call your nearby Hartford Steam Boiler special agent. He represents the world's leading organization specializing exclusively in boiler and machinery insurance. He's experienced in handling all phases of this technical line. He's trained to make surveys—draw up recommendations—present facts. You and your client select what best meets the need. From then on, the entire Hartford Steam Boiler organization of technical specialists becomes *your* Engineering Department ... *your client's* first line of defense against accidents to his power equipment.

You'll profit by using the technical help of the man from Hartford Steam Boiler. Get acquainted with him soon ... call him often.



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our middle name



**Hartford 2,
Connecticut**

**The Hartford Steam Boiler
Inspection and Insurance Company**

because it is now their company.

This is a real problem. However, Mr. Morrison believes that this threat must be met by adjusting to change and not by opposition to it. The adjustment he foresees will be the institution of a much closer relationship between agent and insured—a more frequent personal contact that will demonstrate to insured that his agent is interested

North America Introduces New Cover For Yachtsmen

North America is offering its new windjammer policy for yachtsmen owning sailboats and auxiliaries. In a single all risk package, it includes at lower cost more protection than previous more restrictive covers.

Coverage Told

The contract covers all risks of direct physical loss or damage from any external cause, including spars and sails while racing; overland transportation; vandalism, and damage from latent defects. Also included are P&I up to hull value or \$1,000 minimum; collision liability, BI and PDL; \$1,000 medical payments; \$250 personal effects, and federal compensation. Higher limits on P&I, medical payments and personal effects are available.

There is a 20% return premium if no claim has been made by the end of the policy year.

Ives Retires In Conn.

Louis K. Ives, Connecticut state agent of Springfield-Monarch, has retired after 35 years with the company. He entered the business with Aetna Fire's western department and was later with New England Insurance Exchange as a schedule rater. He joined Springfield as a special agent in western Massachusetts and Connecticut.

Mr. Ives has been president and a member of the executive committee of Connecticut Insurance Field Club.

American Mutual Has EDP

American Mutual Liability has installed one of the nation's first Honeywell 800 electronic data processing systems at its home office. The machine will be used to rate and write auto liability and property damage policies. It will also be programmed to calculate and write bills and to process statistical material and reports.

in his welfare and working on his behalf.

Isn't this a major weakness in the present agency system, one that has opened wide the door to an invasion by the direct writers into the personal lines business, the fact that the average insured neither sees his agent, hears from his agent, nor speaks to his agent from one year end to the next? Yes, he gets mail from his agent and will receive a call in person or over the telephone if he has to be dunned for payment. But, except for these contacts, Mr. Morrison is firmly convinced that the situation is as he described it in the case of all but the large commercial account in the average agency. Agents do not complain that they are in danger of losing these large commercial accounts as a result of direct billings and other direct company contacts. That is because they are servicing these accounts thoroughly.

There can be written into the agent's contract specific provisions spelling out what a number of courts have already stated to be the agent's rights with regard to ownership of expirations if his agency is terminated, Mr. Morrison suggested. By so doing agents would eliminate the possibility that the courts in other states would not follow these decisions. He suggested language which would follow the decision of the court in the case of Kerr & Elliott vs Green Mountain Mutual Fire, decided by the Vermont supreme court. Here the agent upon termination of his agency was held to have the right to use the expirations to place the business with other companies for which the agent was acting and thus to secure for the agent the continued benefits of such business, and that any interference by the company for the purpose of and tending to hinder the agent from so doing would be an invasion of the agent's rights.

Property Rights

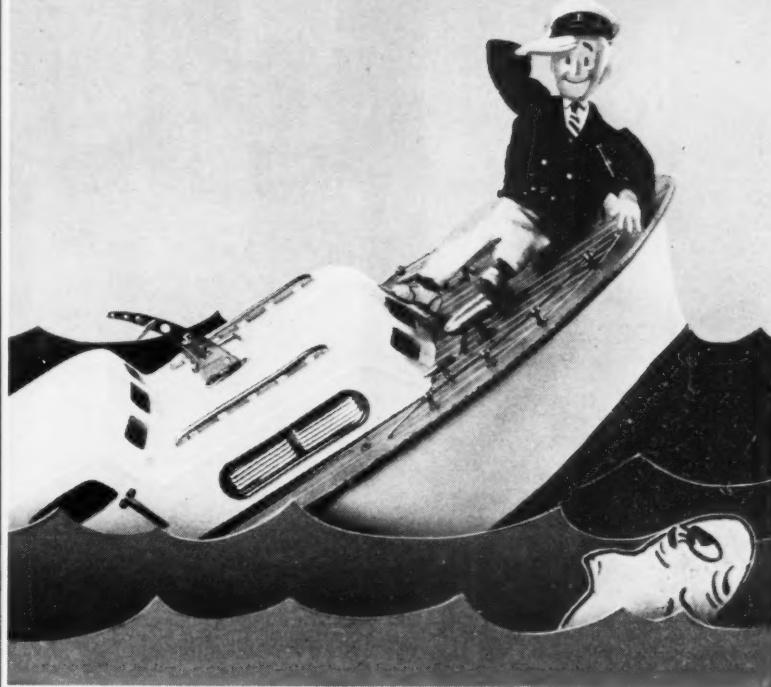
The decision stated that "they (the agents) were entitled to all the benefits which they could derive from the lawful use of these property rights. They were entitled to the lawful enjoyment of these rights free from any interference therewith by the defendant. If the defendant renewed any policy here in question, even though such renewal was not solicited, it thereby brought about a situation making it impossible for the plaintiffs to obtain a transfer to another company of the risk covered by such policy. It may be that the policyholder would not

have permitted the risk to be so transferred even though the defendant had refused to renew such policy. However, any intentional and voluntary act on the part of the defendant which would directly interfere with the plaintiffs' rights to make all lawful effort to obtain a transfer of this business to other companies, or any such act which would tend to make such effort of no effect would be an invasion of the plaintiffs' rights. The renewal of any of these policies by the defendant would

be such an act, even though such renewal was not solicited by it."

Mr. Morrison commented that neither the agency companies nor the agents themselves can afford to engage in a civil war at a time when the direct writers are challenging their whole concept of how to do business. It is vitally important that cooperation between companies and agents becomes the order of the day. Only in this way will the challenge of change be adequately met.

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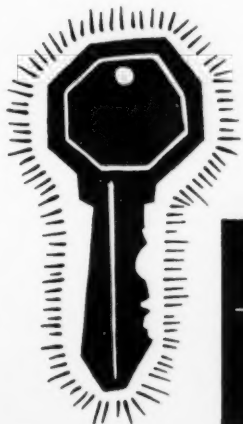
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Outlines Effective Advertising Plans For Agencies That Want More Business

S. M. Waugaman, vice-president of Central Mutual, strongly emphasized the need of an agency for advertising if it is to increase its volume and earnings in his talk at the Tri-State Mutual Agents Assn. in Harrisburg, Pa. Too many agents take the easy course by concluding that advertising doesn't pay, it is expensive, and they'd rather save

their money.

Yet many more people are around today than there used to be. The agent can't cover them all in person. He can't build a business on friendship with everyone in town, as once was possible. Personal canvassing is no longer adequate to produce all the business an agency requires. To be successful to-

day, he said, the agent has to motivate customers to come to him. The fact is, most prospects find the agent instead of the agent finding them. Is this because too few agents make too few personal calls? Is it because most agents are too busy? Is it because they are too satisfied with the business they have?

People Go To Agents

Mr. Waugaman pointed out that far more people contact the agent than agents contact people—85 to 90% of auto and fire insurance customers. Ad-

vertising will get these people to go to the agent who does the most effective advertising.

True, some direct writers and other competitors have outstanding advertising campaigns running nationally and locally. The competition is rough. But Mr. Waugaman declared they are trying so hard because the agents are rough competition for them.

The agency's reputation for service can be expanded effectively by well planned advertising. There is no better way to promote friendliness than through friendly advertising. Savings can be advertised. The benefits of such product attractions as the safe driver program can be advertised. People are influenced by factors which are effectively used as advertising appeals.

Agency advertising must be well planned and consistent, Mr. Waugaman advised. Results take time. The advertising should be budgeted by the year and the appropriation based on expected premium volume. Advertising should not be scattered but should appear regularly, in the same paper, on the radio, through the mail. If the budget is limited, the agent should choose—he shouldn't try to use all media.

Has To Be Enough

The expenditure should be enough to make a definite impact. Otherwise it is wasted. Advertising dollars will go farther if the agent makes full use of advertising materials supplied by companies. Many of them are free—folders, newspaper ads, radio commercials, even professionally-prepared and pre-tested direct mail campaigns.

Based on a recent survey of 3,500 mutual agents, he said, the eight most popular media are yellow pages, newspaper, direct mail, radio and TV, window displays, outdoor billboards, giveaways, and film trailers. A listing in the yellow pages is as basic as having a phone.

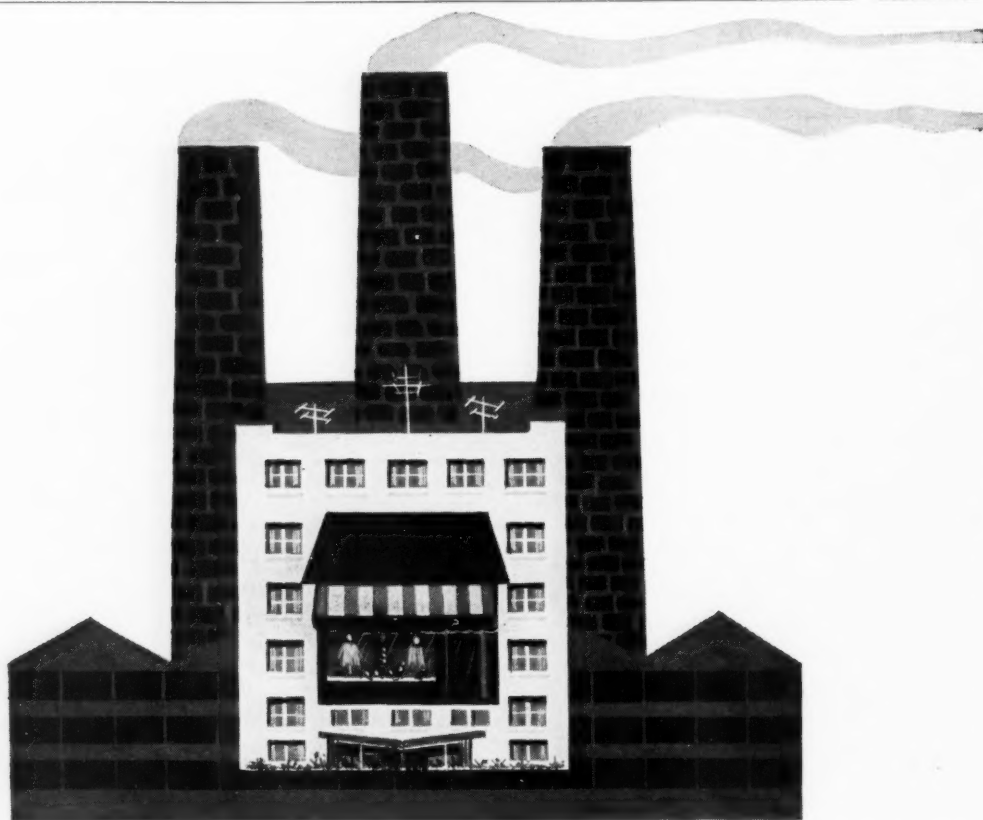
Newspaper advertising is a favorite among agencies because it is relatively inexpensive, reaches every worthwhile prospect in the agency's area, builds identity and good will, and is flexible as to size, frequency and location in the paper. To be effective, its use requires continuity and regularity so that one ad will remind the reader of the others that preceded it. Mr. Waugaman reminded agents that most newspapers have two rates, one for national advertisers and a lower one for local merchants.

Direct mail is a good media for the local agent because it is selective, personal, easy to control, a good sales medium, and gets attention. Approximately 40% of the direct mail received by home owners is read more than halfway through. The best results come from direct mail that is made personal. He recommended the agent select 25 good prospects, write five letters a day for five days, then during the following week make five personal calls a day. The agent should sell 25% of the 25.

Direct Mail Is Good

Direct mail is especially good for the new agent just starting out. However, it is equally good for the old agency. One of the most disheartening things for the company to come up against is the agent who is self satisfied: Business is good, he doesn't need new business, he is too busy. This may be all right for the owners but it is bad for the young men coming up.

As part of direct mail, the multi-graphed agency bulletin for policyholders and prospects is useful. Bulletins of this type contain summaries of



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the newest coverages, changes in policies, reasons why the policyholder should insure to value, etc. The agent can secure information from the companies' underwriting or sales departments and from the trade press. In direct mail campaigns, be careful about the mailing dates, he advised. Don't mail it to arrive Monday, or the day after a holiday, or when local stores are running special sales. Ask the postman for his slack days, and mail then.

Radio seems to be the third choice of most agents. It appeals more to agents in smaller towns than to those

in the cities. This is understandable, since rates are based on the size of the market. While newspaper rates are going up, radio rates generally have leveled off and, in some cases, are going down. Radio provides broad coverage, a personal, intimate, friendly touch, and selectivity. If the agent favors TV, he should figure out ways to appear free—on quiz programs, community service programs, and panel discussions. This often is wonderful publicity though it can't be used regularly.

More and more agents have first floor offices with good window display facilities, he said. Here a definite program is helpful. Displays should be interesting, and they should be changed weekly. Among ideas for displays are athletic teams, school art paintings and art club paintings, organization pictures and awards, locally manufactured products, farm products, antique collections, local merchants' special or high class merchandise (here the coverages and rates can be shown). The merchants will make the signs. Show pictures of homes, churches, automobiles; get pictures from the newspaper and key customers; use a newspaper, mounted on a cardboard and set it on an easel in the window, then run a ribbon from the item to a card on the window showing how to insure against the accident.

Billboards are a popular form of advertising, especially in medium or smaller sized cities.

Use One Giveaway

The giveaway is a headache for most agents chiefly because there are so many of them, and few agents can decide which one is best. To give a half dozen items is to lose the impact value of giveaways. One agent is known as the "match king" in his town because he distributes so many book matches. He has a program. At Christmas he mails them to all clients and prospects. He repeats the mailings on their birthdays. He supplies three hospitals, four filling stations, two restaurants and several beauty parlors. Total cost per year, about \$500. He gets the impact with one item.

The agent will make wise decisions and build a better advertising program if he follows the simple rules of selecting the types of prospects he wants to reach and choosing the best media to reach them most economically; decide on the objective (selling specific policies or accounts, or reaching a special market such as industrial, mercantile or personal), and set a premium volume goal. Plan the advertising program to have continuity, personality, and friendliness.

Mr. Waugaman urged agents to study the advertising offered by the companies and use it. They should not fear to publicize the company name—it usually has more prestige and publicity than the agent. Yet this fear has kept hundreds of agents from enjoying the benefits of the vast amount of money companies are spending on advertising every year. If the agent's advertising is properly planned, and if his business is correctly sold, the company name will help rather than hinder the sale.

D. C. Rating Unit Elects

At its annual meeting, Insurance Rating Bureau of District of Columbia elected Arthur K. Carlin, Royal-Globe, chairman of the governing committee, and Lawrence W. Phelps, Travelers, vice-chairman.

Elected to the governing committee were Home, Royal-Globe, American and National Union.

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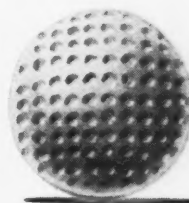
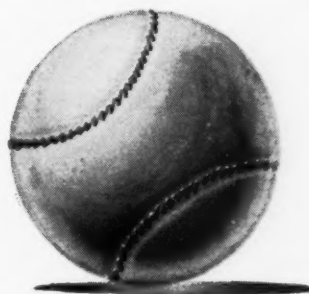
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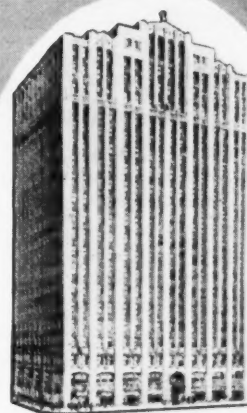
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Forecast Of Canadian Agency System Echoes Trend In U. S.

(CONTINUED FROM PAGE 2)

to now, and there is no indication that they are likely to ease off. The contrary is more probable. Equally pertinent is the degree to which companies and agents of the agency system are ready and willing to adapt themselves to new conditions, Mr. Wright said.

Mr. Wright emphasized that the new competition entered the game with a different set of rules. Undoubtedly

the agency system will reexamine its own rules. One of them is in the quality of the word "independent" in "independent agent." Mr. Wright thinks that this is a perfectly valid expression with a "viable" future, if companies and independent agents of the agency system recognize their interdependence. With "independence" in its proper perspective, there is no reason why cooperation between agents and companies cannot be highly

successful.

One question which has gone the rounds is: Will the agency companies go direct? Mr. Wright has no knowledge of the thinking of other agency company managements, but his company has no intention of abandoning the agency system under which it has prospered for the past 100 years in Canada.

"It is not easily possible to convert our present purpose of offering a

broad, stable insurance market to the total economy of the nation into one in which we would restrict our activities to those classes of business which can practically be handled by an electronic computer instead of by an intelligent underwriter of long experience. We have grown accustomed to handling our business in a human and personal way in which the spirit of the contract on both sides is more important than the letter. The spread of our business from coast to coast, and from the U.S. border to the Arctic Circle, and the nature of our business in a hundred different kinds of policies are factors which make its handling on a direct-to-public basis cumbersome, impractical and therefore very remote. We will follow a policy of carefully planned adjustment to changing conditions as they arise, at the same time giving what help we can to our agency force to fit into our pattern," Mr. Wright declared.

Direct Billing Problem

The competition of the next decade or so will be a battle of costs of operation between all types of insurers, he went on. This means that the objective will be to return to the insured the maximum number of cents out of his premium dollar by way of claims, while leaving the insurer with a marginal but reasonable profit, and the agent with a fair compensation for his services. All processes in the offices of companies and agents will have to be reviewed to eliminate duplication of effort and to reduce costs by streamlining.

The first thought to cross the mind is that the agency companies collect their premiums from insured by a two-stage process, first, from the insured to the agent, and second, from the agent to the company, whereas the direct writers generally collect their premium by a one-stage direct billing process. It is interesting to note that the bulk of life premiums is also collected in this way, and if the results of the life companies are anything to go by, the system seems to suit a very large cross section of the public.

Possibility Of Direct Billing

It is altogether likely therefore that the agency companies in Canada will have to take a look at direct billing systems. Direct billing does not mean direct writing. Perhaps the confusion in many people's minds is understandable, since all direct writing companies employ direct billing. The latter is only a means of collecting a premium from an insured and getting it to the insurer where it belongs. Agency companies generally are not falling over themselves to get into direct billing. They are aware of the large investment in new machinery required, and Mr. Wright's company for one, having recently centralized its agency accounting, is acutely conscious of the headaches involved in any major change of process.

Mr. Wright is aware of the many petty snags involved in direct billing. Agents are not slow to report incidents such as that of insured who went off on his usual winter holiday to Florida. He got out of his routine monthly payment habit, and his policy was automatically cancelled direct by the company.

Mr. Wright knows an agent who used to represent Allstate. This agent believes that 75% of Allstate's lapses might be traced to irritations arising out of billing errors. But petty snags must not obscure the end result. Mr. Wright's company discovered in installing centralized accounting, that it was troublesome during the initial and



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The two major factors, "Y" and "Z", in our equation are, obviously, Yaste and Zent. . . . Carl Yaste and Jerry Zent, longtime partners in the insurance agency business. Together, by dint of sound business judgment . . . prompt, courteous, professional underwriting and claims service . . . alert, aggressive salesmanship and just plain hard work, they have solidly established their agency as Fort Wayne's finest and foremost.

To complete this equation, there's the "x" factor . . . Standard Accident. And how this factor plus Yaste plus Zent=Success, is best explained by the partners . . . "Our long association with Standard Accident has enabled us to effect a dynamic growth in the fields of commercial insurance and contract bonds. This success, in no small measure, has been accomplished by the 'on the spot' service which Standard Accident provides its agents through the high quality of fieldmen who have served our agency.

"Agents' problems first . . . this has been our experience in our association with Standard. As a result, in our 40 years of business, Standard Accident has been a vital factor in helping our agency become one of the largest in northern Indiana."

"On the spot" service . . . that's the "x" factor Standard adds to agency growth and success. May we add the "x" to your equation?



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settling down period. But it now seems to be working smoothly.

If the conservative agency companies become convinced that there are economies in direct billing which can be passed on to the public, direct billing will be applied with much greater frequency to the classes of business to which it is suited, in Mr. Wright's opinion.

Advertising Factor

He believes that there are only two antidotes to the large scale advertising which has contributed so much to the success of the direct writers: Advertising on an equivalent or bigger scale, and personal contact of the competent, independent agent with clients and prospects.

Last fall shortly after his appointment to his present post, Mr. Wright sent a circular letter to all his agents asking for views and comments on Royal-Globe service and on the general problems of the day. In the replies, the most frequent request was for national advertising. It is interesting to recall, Mr. Wright said, that only a few years ago any attempt at direct advertising by an agency company brought forth strong protest from many agents on the ground of trespass of their right to approach the public, probably coupled with accusations that any company doing such a thing obviously intended to go direct. The direct writers have at least done one good thing in helping to clear away those suspicions and to make everybody in the agency system realize the tremendous value to the salesman of a brand name product.

Up to the present, the interest of the direct writers is confined to automobile and personal lines, he continued. These are only two parts—though very important ones—of the diverse portfolio of business sold by agency companies. These lines are, however, much more important parts of the portfolios of the majority of independent agents. This situation, and the corollary of applying direct billing to only part of the business, presents a dilemma to the agency system.

Sees Ultimate Victory

The picture begins to emerge of an exclusive or near-exclusive type of agent, working with an agency company in the large cities and other centers where direct writer competition is heaviest. This man will probably have limited office facilities of his own, will concentrate on automobile and personal accounts, including life, and will probably retain ownership of his business. As Mr. Wright sees it, this is an evolution which is more likely to come from the pressure of

events than from the pressure of the agency companies.

Mr. Wright has lived in Canada 14 years, always in a middle class suburb of a large city. Not once has a general lines agent knocked on his door. His company's claims files repeatedly bring out cases of gross underinsurance. Recently, during discussions about the feasibility of applying a guaranteed amount coinsurance clause to dwelling fire policies as a means of developing proper insurance to value, objection was raised to the suggestion on the score that agents would not have time to see insured or the property to get proper values for the guaranteed amounts.

While criticism might be inferred from his remarks, such was not his intention, Mr. Wright said. He believes that there is still a wide open field for the personal account agent who is willing to put in some hard work. This kind of man will beat direct writers hands down, Mr. Wright concluded.

DeWitt Stern, Gutmann & Co. In General Lines Business

It was incorrectly reported in the April 28 issue of THE NATIONAL UNDERWRITER, that the DeWitt Stern, Gutmann agency of New York City is a surplus lines agency. The brokerage firm is in the general lines business, specializing in life and health insurance. DeWitt Stern, president of the agency, is a member of Million Dollar Round Table and a past president of International Accident & Health Underwriters Assn.

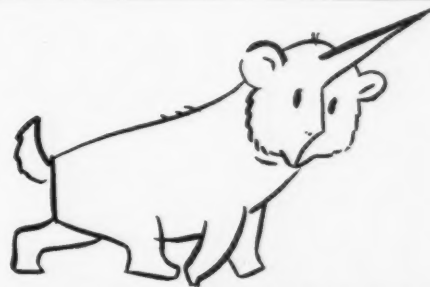
CPL Revision In N. H.

Mutual Bureau has revised rules, classifications and rates on CPL and farmer's CPL in New Hampshire, effective May 2. The revision is already in effect in 40 states.

Chicago General Agency Names 2

Bernard Cox has been appointed secretary and Howard Aubert treasurer of the Gore-Youngberg-Carlson general agency of Chicago. Mr. Cox has been with Zurich, and Mr. Aubert was with Peat, Marwick, Mitchell & Co., accounting firm, before joining the agency in 1959.

Richmond County (N. Y.) Assn. of Insurance Agents has elected Roy A. Cutter president; Howard Bowe vice-president; Anthony Romagnolo treasurer and Mrs. Josephine Palmer secretary. Frank B. Sterner Jr. and Annette Cirbus were named directors. Thomas P. Walsh, outgoing president, has been named delegate to the suburban association.



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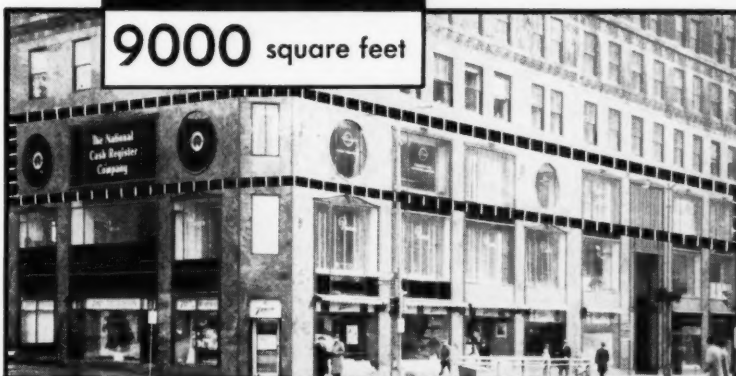
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Casualty, Surety Unit Bucks Model Non-Admitted Law

Directors of National Assn. of Casualty & Surety Agents at their semi-annual meeting in Baltimore adopted a resolution in unqualified opposition to any form or type of model bill to regulate unauthorized insurance.

Regulation of some sort may be required in certain states to protect buyers and to insure payment of required taxes, the board agreed, but regulation should not become so burdensome that the special and non-admitted markets are prevented from functioning. In many states, statutes and department rulings may suffice; in others, new law may be necessary.

To assist the latter states, the association recommends in lieu of a model law a set of guiding principles. Each state can use these for its particular needs.

Other Actions

The discussion which led to the resolution indicated that the directors believe the third draft of the non-admitted insurance act imposes burdensome restrictions on the opportunity for service to the public in a complex field. Included in other defects of such a law is excessive cost of administration, in the board's view.

Also discussed at the meeting was the purchase of agencies by companies with subsequent domination by the company. The president and executive committee were charged with developing further information for consideration and recommendations.

Again recommended by the directors was a 1947 proposal, suggesting adoption by the states of a broker's act to clarify the relation between insured and the broker. This is in line with the impact of anti-trust legislation on producer activity, and its purpose is to provide state regulation which will avoid federal supervision.

A committee was appointed to study the position taken by the association some years ago on rating laws. The unit will consider existing and proposed laws as a prelude to definite action by the directors.

Hanover Group Names Payne Ill. State Agent

J. H. Payne has been named Illinois state agent by Hanover group succeeding John F. Romer, who has resigned to open a local agency.

Mr. Payne is being transferred to northern Illinois from St. Louis, where he has been special agent.

Advocates National Blue Shield, With U. S. Picking Up The Tab

Use of Blue Shield organizations throughout the nation as an effective substitute for any federally-controlled socialized medicine program has been advanced by a prominent medical spokesman.

Dr. D. W. McLean, new president of the Wayne County (Detroit) Medical Society, proposed in his inaugural address that Blue Shield, of which his organization is a part, be made completely national in scope and that the government be empowered to pay the medical care premiums for the needy.

Michigan already has enacted enabling legislation bringing this state under the limited federal "Medicare" program passed last year and the current legislature has broadened the state participation to include more services and more individuals.

"The indigent should be fully covered by Blue Shield," said Dr. McLean, "and their premiums should be paid by the government at the going rate. The government buys all other services at standard rates—they cannot with integrity pay less for medical care. Medical care for those in need could be purchased by the government in this manner at less cost than by any of the methods presently proposed."

Dr. McLean also suggested that Blue Shield offer indemnity instead of service contracts.

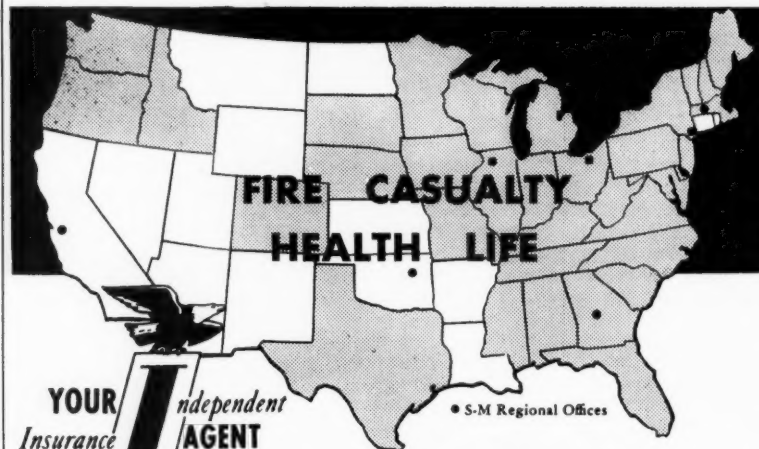
He was critical of organized labor for creating many of the troubles now being experienced by Blue Shield. He said labor leaders, "after the service had prospered for 15 years, began hopefully devising ways of getting more medical service for less money. The cry was for complete service and Blue Shield has tried to oblige."

He said adoption of the "M-75" contract was a victory for labor, but it has meant a "subsidy of medical service by doctors and has resulted in rapidly increasing utilization and mounting premiums, with subsequent recriminations and abuse of the medical profession." He said "the public recognizes us as good doctors but, I think, justly criticizes us for being poor insurance men."

Brown Appoints Rago

Geo. F. Brown & Sons, Chicago, has named Emile J. Rago assistant claims manager. In this capacity he will supervise liability claims for the Brown organization, Interstate F&C., and Chicago Ins. Co.

Mr. Rago has been assistant general superintendent of claims for U.S.F.&G.



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Outlines Phases Of Sound Programming, Urges Broad View

(CONTINUED FROM PAGE 30)

to merge. Sound judgment and broad experience then become essential.

The third or prescription phase of surveying presupposes a thorough understanding by the surveyor of different coverages—both specified peril contracts and all risk forms—so that he may choose the best available program. Such planning also requires extensive familiarity with the markets (domestic and foreign) where each of the selected coverages can be placed, Dr. Overman said.

The surveyor should begin by inspecting properties, personnel, and operations. If he can speak the language of the trade, he will have no trouble persuading insured to make properties, operations, records and accounts accessible to him for inspection. Moreover, having acquired technical knowledge of the business involved, the surveyor will be able to ask precise questions to uncover the information needed for a comprehensive program of protection.

Dr. Overman suggested that the surveyor first delineate perils which might be handled by self-insurance. A reserve fund should be established to cover possible losses, safety inspections and administrative expenses. Stop-loss coverage should be used to preserve the reserve fund, during the program's formative years.

The surveyor should next consider the balance of insurable perils with regard to amounts of coverage and policy limits, Dr. Overman said. Recommendations will depend on the surveyor's experience, his familiarity with loss patterns of the institution surveyed and of similar institutions, as well as on his estimate of what the client will accept on a given coverage recommendation.

Complicated Decisions

After essential coverages have been programmed, the surveyor should turn his attention to desirable and available coverages. These, Dr. Overman stressed, require more complicated decisions. He advised surveyors to determine the largest single financial loss which the institution could absorb without serious financial consequences and to use this amount in judging less serious exposures. If peril appears likely to produce a loss above this meas-

ure of financial disaster, it should be insured. If expected losses from a hazard are below the limit, the hazard should be assumed by the client.

When the program is completed, the surveyor should reconcile his recommendations with coverages already carried by the client, Dr. Overman warned. Immediate cancellation of existing coverages may prove costly and unnecessary. Moreover, there may be personal reasons for the client to maintain certain coverages. Conflicts between existing coverages and the new program may call for adjustments in the surveyor's final recommendations.

He may also discover that his plan of protection conflicts with the market availability of coverages recommended. He should be sure that his proposals can be obtained at reasonable rates before he sets them down in his final program.

The final step of the survey process—obtaining acceptance of the proposed program—is the most important, in Dr. Overman's opinion. To prepare an ideal program and then have it re-

jected by the client achieves nothing for either party. Such time and effort is costly to the surveyor and to the institution.

Perhaps most frustrating to the surveyor is to have his program passed along to a competitor for implementation. Some successful surveyors maintain that for this reason the total program should never be released to a client. Dr. Overman emphasized that a surveyor's chances of losing an account in this manner depend on his ability to establish a solid rapport with the client during the survey making process.

There is another reason for withholding program recommendations, Dr. Overman continued. A vast volume of complicated coverage recommendations may so confuse the client as to dissuade him from accepting even the catastrophe coverages recommended. A far better procedure, some specialists maintain, is to present only the glaring weaknesses in the client's present coverage.

A few coverages recommended to

protect areas likely to produce serious losses have greater impact than a formidable mass of proposals. If such a piecemeal approach leads to acceptance of an effective program, when otherwise the client might tend to reject the entire plan, then perhaps the end justifies the means, Dr. Overman suggested.

Cites Midwest Surveyor

He cited a surveyor in the midwest who has developed a program presentation which has been unusually successful in achieving acceptance. He uses a bar chart, each vertical bar representing coverage for a specified peril or group of perils. Shading, calibrated in dollar amounts from the bottom of each bar upward, indicates the policy limits recommended. Insured can see at a glance the relationship between total exposure and the extent of the coverage recommended. The non-shaded area of each bar reflects the disparity between dollar exposure and the amount of the policy recommended.

The potential client's acceptance of the program recommended depends finally on good salesmanship, Dr. Overman concluded.

We invite inquiries on . . .

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White Joins C.V. Starr

Robert L. White has joined C. V. Starr & Co. as manager of the newly created personal accident department. He had been executive supervisor of the A&H department of Massachusetts Bonding. He entered the business with Continental Casualty at New York.

Hartford Transfers Palmer

Milan H. Palmer, an instructor at Hartford Fire group's training center, has been transferred to assist Edward Wright, engineer, in the eastern department. Mr. Palmer joined the company as a fire engineer in New England in 1931. He became an instructor in 1950.

Brinker agency of Cleveland has been merged into Hale & Hale agency of which Clayton G. Hale is managing partner. Edwin T. Brinker will have a financial interest in the Hale firm and will shortly change his residence and business address to Florida for reasons of health. The Brinker firm was founded in 1907. The Hale agency was founded in 1899.

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Agents, Companies Should Work, Stop Worrying: Dubuc

(CONTINUED FROM PAGE 9)

can't sell. Yet there always has been more communication of this kind than most agents realize.

Poor Job Of Telling

Companies owe it to agents to speak frankly when constructive criticism is in order. So, he said he was asking them what they have done about the good forms the companies have made available, coverages for which there is a recognized need, such as business interruption, commercial property, broad storekeeper's liability, storekeeper's burglary and robbery broad form, and comprehensive liability. The agents have done "a horribly poor job of selling them," he declared.

"Bluntly," he added, "the average agent is not qualified to sell these important forms without the help of a field man or the home office underwriter." Even the essential and basic liability forms in the liability manual are beyond the ken of the average agent.

With equal frankness, he said, the

average agent has had such an easy time making a living, and a good one, selling automobile insurance, which the law demands or almost requires, and habitational coverage, which is required by mortgagees, that he has become an order taker rather than a salesman. According to Commissioner Beery of Colorado, a commissioners' study of reasons for policy lapses showed that 68% were due to indifference on the part of agents and brokers.

No agent likes to have his commission reduced, any more than any employe likes to have his salary cut or be passed over when salaries are being increased. But, he said, commission reductions are necessary under certain circumstances, for example, when auto rate filings include a five point reduction in commission allowance, or when a new homeowners filing reflects a similar change in commission.

There can be no unilateral commission action between agency company and independent contractor agent, Mr. Dubuc stated. The company simply

says, "Effective on a certain date we can afford to pay only so much commission." If the agent accepts, the relationship endures. If the agent says no, the relationship is terminated. Why, he asked, would any company cut an agent's commission except as a last ditch expedient?

On the low rated homeowners, Mr. Dubuc reported that "we are caught in the middle of what appears to be a rate war. Under the circumstances our course of action is being shaped for us by the competition."

Mr. Dubuc then discussed what an agent owes to policyholders.

The first obligation is intelligent insurance advice. This responsibility does not constitute a heavy burden if the agent pretends nothing and holds himself out only as an insurance salesman.

However, the responsibility becomes a heavy one once the agent represents himself as an account specialist, an insurance adviser and a "professional."

The conscientious salesman makes certain that sound quality is built into his product. He makes it a point to know that any necessary service will be readily available in the event of an emergency. He knows that the manufacturer has been in business for a good many years, has weathered a few business recessions, and is not a fly-by-night.

Test For Companies

Certainly the agent owes it to his clients to be sure that the companies which he represents have stood the test of time. Excess commissions, low rates, and underwriting liberality are poor substitutes for financial stability. An agent is judged by the companies he keeps.

The product must be good and the price must be right. Since the production cost allowance (selling cost, commission) in any rate formula is the only element which is susceptible to substantial adjustment, upswings or downswings in this percentage largely determine whether rates are competitive or not.

No one can blame an agent for wanting every penny of commission which he can reasonably expect. It is in this area, however, that many agents are inclined to ignore a fundamental principle in the pricing process. The customer makes the decision. Buyers are not interested in distribution systems. "They are interested in a quality product, priced attractively, with assurance of service which in their evaluation, not yours, is adequate." The reality of the market place is that four exclusive agency companies write 35% of all private passenger car premiums. These same companies are now pointing their heavy calibre weapons at homeowners and commercial lines.

What Kind Of Agent?

The agent owes it to himself to appraise fairly the cash value of the service which he offers. Is he an account specialist or a professional insurance man? If he is, and a salesman too, price competition is not a serious problem. Is he an insurance salesman? If he is essentially a salesman, no matter how successful, the pricing of the product which he sells definitely is one of the factors which regulates his effectiveness. His price should not include any considerable charge for a service which he is not temperamentally or technically qualified to provide.

The average agent is a salesman rather than a technician, he said. This

does not mean that he does not have the capacity for technical knowledge. But it does indicate that the extroverted individual is more disposed to conversation than he is to detail and study. Mr. Dubuc said his vote is for the insurance man who is strong on selling and only average in the area of professional qualification.

The exclusive agent companies have the agency insurers out-manned at point of sale where production results are accomplished. Many important agents frankly admit that only a small fraction of their work day is devoted to sales activity and cold canvass. Yet selling is the essential responsibility of the local agent. The customary excuse for a shortage of selling time is too much office detail.

More Selling Time

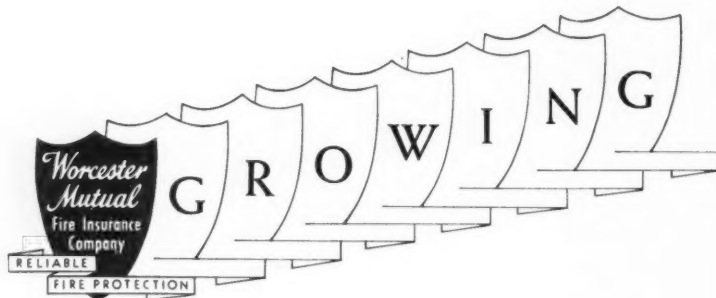
If the agent's conclusion is that the average agent is primarily a salesman and not a professional man, then his problem as an insurance salesman and the problem of the insurers is to devise ways and means of freeing the agent of time-consuming details which interfere with his essential function of selling. His bread and butter is involved in the solution of this problem of finding more "selling time."

It is almost a foregone conclusion that the rate of commission for the easily sold personal coverages such as automobile, homeowners and fire and extended coverage will drop under the pressure of competitive pricing. Under such circumstances, he said, the agent must sell more policies than he is selling now, perhaps many more, to produce the same or a higher income.

He strongly recommended that the selling agent, however successful, cooperate with his companies in their efforts to develop workable plans for the mechanization and direct billing of every personal coverage which is susceptible to this treatment.

Has Farm Safety Booklet

The accident prevention department of Assn. of Casualty & Surety Companies has published a booklet entitled "Your Guide To Safety as a Farm Employee" which outlines hazards of farm work and recommends safety precautions. The 25-page pamphlet is available through independent agents and member companies of the association.



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Cleveland Board Holds Its 115th Annual Meeting

Cleveland Insurance Board, oldest trade organization in the city, held its 115th consecutive annual meeting and named four members to the board of trustees. So named were Robert M. Campbell, Donald S. McBride, Arthur H. Roski and William E. Wilson, the latter three being reelected.

George E. Frankel, retiring board president, delivered the report of his administration and urged a more concentrated campaign to increase the membership.

Mr. Frankel catalogued activities under the public relations program, commenting particularly upon the Cleveland Junior Fire Department and conferences with city officials on matters relating to fire safety.

He urged 100% participation in the NAIA Big I advertising program and predicted a bright future for both the independent agent and the Cleveland board.

Paul R. Whitbeck, vice-president Ohio Assn. of Insurance Agents, and 12th district trustee for that organization, submitted a report of his stewardship, emphasizing the high quality of OIAA's educational program.

Mr. Frankel was nominated for a three-year term to succeed Mr. Whitbeck as 12th district trustee, representing the Cleveland Board in the state association.

Mich. Legislature Tries Again To Soften State's Liquor Liability Law

LANSING—The Michigan legislature here is attempting to get around Gov. Swainson's veto of a bill designed to soften the state's liquor liability law.

A new bill reported from the senate insurance committee contains an amendment reinserting in the measure language to which the governor voiced objection in rejecting the earlier bill. The new bill eliminates the present law's provision that bars may be held liable for negligent or otherwise criminal acts caused by intoxication if they "contributed to" such intoxication. The legislature seeks to modify this to actual "causing" of intoxication, thus limiting the scope of damage actions to a single defendant rather than multiple defendants, as has been the case in many instances under existing statutes.

The vetoed act also reduced the time for filing damage actions from two years to one year after the incident on which the claim was based. It is understood the new version retains the two-year period, thus offering a compromise to the governor.

The high risk under the existing law has nearly dried up the bond and liability policy business in Michigan, with very few insurers still writing the line and, in most instances, accepting it only in combination with large packages placed by the same property owner.

Another Insurer Sets Up An Affiliate In Texas

Industrial Underwriters Ins. Co., a multiple-line stock company and a subsidiary of Industrial Indemnity, has been organized in Texas with home offices at 400 North St. Paul Street, Dallas, where Industrial Indemnity opened a division office last January.

Industrial Underwriters will provide a multiple-line market through agents and brokers exclusively.

Indiana Papers Back McClain Efforts To Revitalize Department

Indianapolis newspapers have been giving favorable attention to the efforts of the new insurance commissioner, Harry E. McClain, to reorganize his department and bring it up to the level of current insurance needs.

Mr. McClain was commissioner 24 years ago, and for most of the time in between has been executive secretary of Indiana Assn. of Insurance Agents. Since his last term in office, in 1937, the number of companies in the state has increased by 250, but the size of the department staff is virtually unchanged. Since 1945, 71 new companies have been organized in Indiana, a number of them as stock sales promotions according to Mr. McClain, but for nine of the last 15 years there has been no examination of the new insurers.

Records in the department on agent licensing have fallen so far behind that Mr. McClain cannot tell how many agents are licensed, although he guesses the total to be in the vicinity of 30,000. When he took office, Mr. McClain suspended agent examinations when he learned that test questions and answers were in circulation. A new test is being compiled, requirements and procedures are being changed, and examinations will be resumed probably before the end of May.

Mr. McClain would like to add two examiners, a licensing investigator, assistants for the fire and casualty divisions and an assistant actuary.

Continental Cas. Names Jolley

Continental Casualty has named John A. Jolley to Atlanta as excess underwriter. He started in the business in 1956 with Zurich and became senior underwriter at Minneapolis. He joined Continental Casualty last year as an underwriting supervisor.

How objective is your perspective?

Your marketing structure may be a blind spot—

It is difficult, if not impossible, for executives to view every aspect of their company's operations clearly and dispassionately. For example, a seemingly well-organized and smoothly running agency plant may actually be an unsuspected liability—concealing deep seated inefficiencies that may be draining away profits.

More and more insurance companies are searching out such hidden trouble spots in their sales organization. They are reevaluating their entire marketing approach. What is more, they are making constructive changes after consultation with experienced, outside specialists.

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Sees More Employment Of Actuaries, Defines Scope Of Duties

(CONTINUED FROM PAGE 24)

rates much skill is required in the development of suitable rating plans and rates, Mr. Longley-Cook continued. Considerable judgment is required in deciding how detailed a classification should be used in a rating plan. A simple plan has advantages in both agency and head office handling and reduces the size of rate manuals. However, this may mean that some of the most attractive business is lost to competitors with more complex classification breakdowns.

Also, it serves little purpose to develop rates which, while certainly adequate, will not develop any appreciable volume of business. Nor is the company served by rates which produce a large volume of business which will probably prove unprofitable.

Of course, the quality of a rating plan depends on the statistics on which it is based. The careful devising of statistical plans to avoid the twin dangers of over-simplicity and complexity is a knotty problem. In the case of the bureau company, the actuary may represent his company on rate-making committees of the bureaus and advise his company on the adequacy of the rates filed by the bureau when they are applied to his company. Occasionally bureau rates are inadequate, and it is important for management to be

fully apprised of the situation.

Some independent companies have all their filings prepared by their actuarial department, which then undertakes the presentation of the filings to insurance departments, plus subsequent negotiations. This work is time-consuming, and Mr. Longley-Cook believes that the actuary should be dissociated from the actual filing procedure unless some special technical problem is involved.

Direct writers and certain agency companies have not been content to accept as their loss reserves the sum of case reserves and a simple formula figure for incurred but not reported losses but have attempted to calculate more accurate reserves from the development of loss frequency and average amount of loss. When such developments have been used they nearly always have been calculated by the actuarial department.

The actuary acts as an adviser to underwriting and other departments on a variety of problems: Reinsurance, contingent contracts, expense allocations, financial results of other companies, the cost incentive programs, dividend analysis in the case of mutual companies, and company financial objectives and goals. Normally he prepares short-range and long-range projections of company operations, re-

quired for planning company policy. More involved studies may include such items as the optimum size of a service office, the probability of two airlines colliding in mid-air, or the frequency of hurricanes in different territories. He may advise the company on employee benefits, including pensions, but he will not usually undertake the valuation of the pension plan.

Long-Range View

An actuary, if he is to serve a company properly, must be able to advise on long-term policy, Mr. Longley-Cook said. It is better if he is not directly associated with any department of his company, so that he can approach current problems with an independent mind. Because of his mathematical facility and logical discipline, his advice should be of real value to top management. The actuary should be less concerned with the year-to-year results which press heavily on his colleagues than with long-term developments.

There is a long period before an actuary reaches the point of maximum worth, Mr. Longley-Cook remarked. Underwriters often expect him merely to open the door to rate approval by departments. They are chagrined when he advises that what they consider a sure-fire deviation is unlikely to prove profitable, or that a proposed package policy is open to serious criticism. In time, however, management and underwriters will find that the actuary can be of help in rate making and many other ways if he is given the whole picture and not asked to handle a small segment of a problem.

Actuaries can interpret statistics more rapidly and efficiently than those less experienced in analyzing figures. They can indicate when poor business may be attributed to chance causes and when it is significant. They are adept at devising new rating classification systems, and even point systems for prize competition between service offices or agencies. They help in many other matters which at first sight are not actuarial.

Actuarial Help and Advice

There are still underwriters who consider that actuaries have no true knowledge of insurance and its problems. There are others who consider them simply mathematical computers. Mr. Longley-Cook warned that these men are ignoring advice and help which would aid them in their duties. If their underwriting results are worse than those of their competitors, he said, they can always ask the actuary to agree that anyway the results are not fully credible.

Companies too small to need a full-time actuary can obtain actuarial advice on specific problems from a consultant. The advice of consulting actuaries is frequently sought by large companies that have their own permanent actuarial staff, and also by

insurance departments.

Mr. Longley-Cook predicts increasing employment of actuaries in the property and casualty field. He urges that companies looking for actuaries seek more than professional competence.

Three Advanced By Phoenix Of Hartford

Phoenix of Hartford has advanced Charles C. Luce and John A. Gray from assistant secretaries to secretaries, and has named Edward S. Allen actuary.

Mr. Luce has been with the group since 1939 as special agent and state agent in Arizona. He represents the third generation of his family with the group, his father and grandfather having been in the field in the mid-west and New England.

Mr. Gray, since 1955 assistant secretary in charge of personnel, previously rose from examiner in fire underwriting to field man in New England and then general agent of New England and the New York metropolitan department. He will celebrate 36 years with the group this year.

Mr. Allen joined the company in 1959, after 10 years as an actuary of New York Compensation Insurance Rating Board, of which he became assistant general manager in 1956.

Boston Names Hamilton

James W. Hamilton has been appointed director of research and development of Boston group. He had been state agent in Wayne County, Mich. He joined the group in 1953 as Illinois state agent.

River Bridge Damaged

An explosion April 26 caused by the collision of one of five barges being pushed by a tugboat owned by Valley Towing Co. of Greenville, Miss., caused extensive damage to the Louisiana state highway bridge over the Mississippi River at Baton Rouge.

Kansas City Southern Railway Co. and Louisiana & Arkansas Railway Co. have tracks across the bridge and are insured for \$4 million for their interest in and liability for the bridge, American Central being the insurer. It is reported that the state of Louisiana does not carry insurance on the bridge.

R. R. Cloud Co., adjusters of Baton Rouge, are representing American Central in this loss.

N. Y. Women Elect

Mrs. Lucille D. McDermott of Jamison & Co., brokers, has been elected president of Insurance Women of New York, to succeed Evelyn M. Buehler, Prudential of Great Britain. Other officers are Grace Brenner, Despard & Co., vice-president; Jeanne M. Revielle, Great American, treasurer; Helen Winge, Great American, corresponding secretary; Lydia Hofmann, Reliance, historian, and Marion E. Meyler, Pate & Robb, recording secretary.

Elected to the executive committee are June Ferris, Lumbermens Mutual Casualty; Sue McDermott, Charles S. Jacobs Assocs., and Eleanor M. Paulsdorf, Aetna Casualty.

Harleysville Mutual has appointed Gray & Rogers, Philadelphia and Newark, to handle all public relations and publicity. The agency has handled Harleysville Mutual's advertising for 18 years, and for 10 years has been public relations consultant on special assignments.



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Says Good Offense Is Best Defense In Claim Work, Too

(CONTINUED FROM PAGE 5)

ly prior denied injuries or complaints can be shown," he said, emphasizing that the defense attorney must look for facts that will prove the plaintiff undeserving. When the plaintiff is shown in a bad light it will often lower the award or tip the scales toward a defense verdict.

Some may question the moral and legal justification of this no-holds-barred approach, Mr. Erickson noted. The answer, he said, is that the lawyer is not a judge, and he is not the one to decide on what is fair. He is an advocate whose job is to show bias, motive and impeachment. If none of these things exist, the plaintiff has nothing to worry about. Both plaintiff and defense are justified in using all legal and honest methods at their disposal, and no complaints should be made just because the fight was tough. "Remember, the plaintiff filed the lawsuit and is asking for money. Red carpet treatment should not be expected," he declared.

Caveat Emptor Changed

The old principle of caveat emptor has been changed by the courts to caveat venditor—let the seller beware—said William J. Condon in his description of the new frontier of products liability. Mr. Condon heads the New York law department of Swift & Co. He said courts are taking the position that losses occasioned by use of products should be borne by the person in the chain of distribution who is in a position, by virtue of his control over prices, to spread the loss over the entire consuming community. This, he said, is in line with the current philosophy of the government, which is to remove the risk of living from the individual.

The manufacturer will be held responsible if he fails to make tests and inspections which are customary in products of the type involved. However, he may be held responsible even if he does make the customary tests and inspections. "If it can be shown that there were some other tests or inspections which, though not customary, were known or should have been known by the manufacturer, which tests would have disclosed the condition which caused plaintiff's injury, the defendant may still be liable," he declared.

An Expanding Area

One of the most widely expanding areas of liability arises out of the manufacturer's duty to warn, Mr. Condon said. If a product is dangerous in either normal or foreseeably abnormal use, the manufacturer must warn the public. This duty will not be discharged unless the warning is brought home to the ultimate consumer himself. The manufacturer is not necessarily free of liability if he warns the retailer who fails to pass the warning along. Should a product be put on the market and the danger be discovered later, the manufacturer may then have a duty to warn previous as well as future buyers of the product.

The courts have discovered that even with the expanded liability, recovery cannot be guaranteed. Standing in the way of this guaranty was the element of causation, which requires the plaintiff to establish that the defendant's product was involved, that there was something wrong with the product or the way it was marketed, and that this deficiency was the cause of injury. The only way in which the court could get around this obstacle was to abbreviate the standard of

proof required in order to establish it. "This is now being done with increasing regularity, indeed, with frightening regularity," Mr. Condon declared.

Need Greater Underwriting Care

He said that because of the growing exposure to claims and undoubtedly further expansion of liability there will be a greater demand for products liability in the next few years than ever before. This will mean a great degree of care in underwriting, and not only must the underwriter be concerned with the nature and quality of the product but also with testing and inspection facilities, advertising, and the labeling practice of the prospective insured. "Only by doing this can he minimize the risks to an extent which will permit this inviting business to realize its potential as a profitable line," he said.

Accident claims arbitration under uninsured motorist coverage was discussed by John Eastman Jr., tribunals vice-president of American Arbitration Assn. Mr. Eastman described the work of the association, which provides impartial administration of arbitration and maintains a national panel of arbitrators, who have been nominated for their knowledge and reputation for impartiality. The association, he said, is the most important single center in the world for information, education and research on arbitration.

Russell Closing Speaker

The closing speaker, Carl M. Russell, president Meridian Mutual, said that more and more the success of insurers, especially the smaller ones, will lie with the claims man. There is little to indicate that companies are not engaged in a battle of survival, he said, and "the good enough of the past is not good enough for the future."

He suggested inter- and intra-company cooperation as ways in which claim men can assert a more positive influence in the difficult times ahead. There is much that can be done through collective action to combat fraudulent claim schemes, ambulance chasing and unethical legal practices.

Cooperative effort between insurers and manufacturers is another avenue for benefits, he said. For years Detroit auto makers showed little interest in insurer appeals for accident prevention, safety and repair economy. Now manufacturers seem to realize that the cost of insurance and maintenance are part of the cost of the automobile. The stage seems to be set for cooperative effort between insurers and manufacturers which will save the former and their policyholders millions of dollars.

Mr. Russell saw a need for upgrading and further developing the human resources in the claim field. It has been suggested, he said, that perhaps an education program leading to a professional designation for claim men similar to CPCU would be a means for upgrading the profession.

Heads Arbitration Committee

At the annual claim arbitration agreement meeting, Julian E. Smith, Equity Mutual, was elected chairman of the committee, succeeding Robert H. Shelton, Meridian Mutual. Jack W. Raymond, Badger State Mutual Casualty, became vice-chairman. Elected for two-year terms were Clarence H. Cox, Celina Mutual, and Raymond Ziska, Citizens Mutual of Howell, and for a one-year term, Robert R. Collins, Allied Mutual.

The committee, which holds five

meetings each year, arbitrates material damage claims of 42 companies that are signatories to the agreement. Of the 167 claims handled last year, the committee allowed settlements of \$34,875, not including deductibles, and rejected awards demanded totaling \$23,126.

Mass. Bonding Correction

In the Illinois casualty figures reported in the May 5 issue, direct premiums and direct losses for Massachusetts Bonding were inadvertently omitted in a number of lines. Included in the list should have been: Workmen's compensation, \$294,467—\$159,661; liability (not auto) BI, \$276,852—\$155,869; liability (not auto) PD, \$35,235—\$13,614; auto BI, \$389,282—\$198,678; auto PDL, \$127,780—\$82,112; auto physical damage, \$121,114—\$66,055; fidelity, \$77,108—\$76,683; surety, \$80,967—\$12,814; and burglary & theft, \$51,418—\$18,317.

The committee on interpretation of the marine definition has ruled that a multiple use trailer, consisting of one basic unit which can be used as a boat utility or tent trailer, cannot be insured as an inland marine item.

Neb. Mutual Agents Ready Annual For May 14-15 At Omaha

The program for the annual convention of Nebraska Assn. of Mutual Insurance Agents has been set for May 14-15 at the Town House in Omaha.

On Sunday, agents and directors will hold their annual meetings and the election of officers will take place. A smorgasbord dinner will then be held, followed by a film on agency radio advertising.

On Monday morning, the film "Operation Abolition" will be shown. Phillips Huston, editor Bulletins on Effective Agency Management, will address the session on "New Ideas in Agency Management." William Stringfellow, general manager NAMIA, will be the luncheon speaker, which will also feature the film "NAMIA in Action."

The afternoon session will feature a talk, "It Could Happen to You," by Joseph Iverson, Insurance Service & Adjustment; a panel on "Account Selling," featuring Chris Rosenberg, North Platte; Cliff Gregory, Alliance, and Phil Patterson, Omaha; and a discussion of the public and institutional property program by R. C. Swanson, Tri-State Mutual. The meeting will close with a banquet.

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LIFE IS SERVICE... THE ONE WHO PROGRESSES IS THE ONE WHO GIVES
HIS FELLOW BEINGS A LITTLE MORE — A LITTLE BETTER — SERVICE.

Cargo Protection Expert Traces Changes In Loss Trend Pattern

By JACK SEIDE
President Babaco Alarm Systems

Cargo thefts represent a large area of insurance losses today, but one difficult to recognize because of verbal confusion and the rapid pace of change in our social-economic life.

If the problem were being approached in the atmosphere of World War II days, cargo thefts would be regarded by most people as referring to motor vehicle losses from trucks—and mostly from big over-the-road motor vehicles. In those days, hijacking was almost synonymous with cargo thievery, for that was the period when

the new wave of crime was taking root and outright hijackings were the primary source of losses for goods in transit.

Have Been Several Changes

But we have gone through several changes in the small time-gap of 15 to 20 years. Thieves have made frequent shifts in tactics, until their greatest area of attack now is the local scene, the local pick-up and delivery truck and the salesman's car. With the rise in juvenile crime, there has been a change in the make-up of the army attacking goods in transit and also in the methods of operation. The average

size of such losses has dropped, but the number has vastly increased.

As the movement of goods by motor vehicle has multiplied rapidly, their values have risen, and the types of goods stolen have widened. Consequently, the total loss has mushroomed. Today, we see an annual loss of goods in transit estimated by some at a third of a billion dollars—10 times the pre-war toll. But this loss embraces a vast range of items and thus, large as it is, may go all but unnoticed.

Included in this annual toll, for instance, are goods stolen from salesmen's cars; those stolen from wholesalers, distributors, food haulers and coin collectors; farm equipment; TV repair equipment; air freight; jewelry; the contents of house trailers; news cameras; items from department store deliveries, and goods from express vans, from pick-up and delivery units, from truck-trailers, and from almost anything moving on wheels.

Involved in the thefts, instead of a few "hot" lines, are cargoes of practically anything movable—steel, lumber, millinery, medicine, machinery, grain, and wearing apparel. All the old favorites, such as liquor, tobacco, furs and textiles, are also involved. Though major parts of such lines now move under rigid protection, the unprotected cargoes are "hotter" as a result.

Evidence is ample that the crime wave is worldwide. Reports from London tell of unprecedented theft of goods in transit via motor vehicle. Canada reports a similar crime wave, with American detectives called in for help. The same trend is evident in other countries.

No Clear-Cut Heading

Another reason the gravity of the cargo theft situation may not be apparent is that thefts are not recorded under one clear-cut heading. There are motor vehicle theft losses, bailee losses, shipper thefts, and warehouse claims. There are direct losses, reinsurance losses, excess lines and foreign company losses. There are also block policy losses which bury these claims with a host of others. For instance, a recent air freight loss was reported as \$2,000 under the limited receipt. This was actually a \$25,000 theft loss.

Then, too, we are not liable to read in the papers about the theft of goods in transit. The police hesitate to give out details on such cases until they have them under control. Many of the thefts are not cleared for reporting until the news is stale, and papers are reluctant to print such items unless they can talk in terms of today or yesterday.

A business man may suffer losses from a cargo theft, and no word will appear locally because a large percentage of the thefts take place away from home.

The crime wave is of greater significance to business than the individual loss involved. A cargo theft may be a few sample dresses, for instance, worth possibly \$1,000, but the potential by-product loss may involve salesmen's time, counter or stock space, customer good-will and perhaps an irreparable dent in the whole season's business or the permanent loss of a customer.

A Widespread Problem

Moreover, those responsible for others' goods rely to a certain extent on customer confidence, and if their haulage of goods is interrupted by a theft, it may shake the confidence on which the business rests.

Analysis of cargo thefts should take into account that the lines most susceptible to theft have long been tightly

protected. The present total of annual cargo thefts represents the toll from the less susceptible area.

Each year the list of cargoes stolen widens, and the towns affected are spread over a wider area. For example, a recent list of thefts worth a couple of million dollars included poultry medicine at Hawarden, Ia., wheat at Spokane, shoes at Cleveland, machinery in Indianapolis, cigarettes in Louisville, rare coins in Wilmington, Del., meat in Newark, and copper in Buffalo.

The FBI warns each year of a 10% annual increase in crime, unless drastic curbs are effected. Year after year these forecasts are fulfilled. It is urgent that cargo thefts be curbed. They cause a huge annual bill to be tacked on to the consumer budget, and they cause a rash of business dislocations, lost good-will, and worsened public relations. They cause increased crime, for uncurbed theft losses will entice more and more juvenile delinquents into this alluring area.

J. Edgar Hoover has repeatedly pointed out that crime cannot be checked by the police. They can only arrest and punish. The curbing of theft, he emphasizes, is up to those responsible for putting their goods in easy availability to would-be thieves. If every business man took every possible precaution with every piece of goods in his possession, cargo thefts would be virtually eliminated. This is a challenge to insurers and those concerned with cargo transportation.

Mich. Department Merger Plan Formally Rejected

LANSING—Both houses of the Michigan legislature last week formalized a Republican majority decision to disapprove a proposed reorganization plan which would have absorbed the insurance department in a new department of corporations and financial institutions.

Most elements of the industry had opposed the program which had been advanced by Gov. Swainson under a unique law which permits the executive to promulgate reorganizations unless they are specifically rejected by the legislature. Commissioner Frank Blackford was on record in favor of the proposal, which would consolidate the department with the banking department and the corporation and securities commission; but basic operating procedures of all three agencies, it was claimed, would not have been greatly changed. Proponents contended it would effect some economies through eliminating duplicating activities and permitting the pooling of some personnel.

Lumber Mutual In Dallas

Lumber Mutual Fire is opening a branch in Dallas under the supervision of C. Cliff Stowe, newly appointed southwestern manager, assisted by Norman Whitlock, special agent. Underwriting will be supervised by Kenneth B. MacKenzie, who has been special agent and underwriter at the home office for seven years.

Allstate Appoints Six

Allstate has made six executive appointments: William E. Early, claims manager, and James R. Thompson, sales manager, both at Jackson, Miss.; Walker V. Thomas, midwest zone material damage supervisor; C. W. Dawkins, sales manager, and Max E. Brown, district sales manager, both at Denver; and Bernard W. Jacobites Jr., Michigan regional sales supervisor of life and A&S.

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Sees Future Profits In Reducing Loss Costs, Not Operating Expenses

Future underwriting earnings of property-casualty companies will come from cutting the percentage of the premium dollar paid out for losses rather than operating expense, H. J. Lowry, president of the Michigan Mutual Liability, said at the annual Mutual Claims Conference at Washington.

Further savings hardly can be wrung out of the expense portion of the premium, he said. Need for greater premium volume makes highly selective underwriting difficult, and about all that can be done in loss prevention engineering already is being done.

This means that during the next decade improvement of loss experience will be largely the responsibility of the claims man and the adjuster, Mr. Lowry said. His job may become the hardest in the business, because of growing emphasis upon the "marketing concept." As part of the marketing team he will be required to keep loss costs down, while also serving as a sales promotion and public relations representative of his company. The roles may involve certain contradictions.

Must Learn Compatibility

He said "claims men are going to have to have an awareness of and accept the idea that progress and profit are compatible—that good will and earnings can be generated in claims handling. They will have to be conscious that the claims function bears heavily on the image—good or bad—that the insurance industry has with the public. In the administration of the claims dollar the claims man, more than anyone else, can make the marketing plan a profitable or a losing operation. Because claims men have such a large measure of control, and therefore of responsibility, over the property-casualty insurance dollar, it is up to them to provide leadership. . . . We are not only going to require more careful husbanding of claims dollars, but must renew with increased vigor efforts to influence public opinion favorably on our claims attitude," Mr. Lowry declared.

Management is coming to recognize that claims departments may provide vital assistance in solving many problems facing the business, Robley D. MacLean, claims vice-president of American Mutual Liability, said.

An entirely new breed of highly skilled and specialized claims men bearing little resemblance to the old-time claims adjuster is needed because of radical changes in claim-handling

problems, he said.

Among the problem areas he listed were:

—Multiple-line underwriting, which confronts claims men with coverages having an entirely different concept of application at a time when tort and contract law has entered an accelerated period of transition.

—Revision and liberalization of court rules of procedure.

—Statutory provisions which impose obligations upon defendants engaged in construction work.

—Departure from previous concepts of law as to negligence and breach of warranty in products liability.

—Exposure to possible payment beyond policy limits, where negligence or bad faith in handling of a claim is charged.

—The need to weigh a jury's sympathy for the plaintiff and his injuries in the light of the plaintiff's contributory negligence.

—Increase in number of policies and the frequent changes in them under Fire 5-1 9 point

the concept of package policies written in confusing and complex form; the increasing popularity of health insurance and the prospect that eventually it will be extended to all forms of disability.

—The new concept of workmen's compensation as workmen's rehabilitation insurance; this means a shift of emphasis from the legal to the medical approach.

"The claims man now is faced with the job of arranging medical care or setting up a rehabilitation program, if necessary, on each case assigned to him," Mr. MacLean said. "This calls for advance planning, and teamwork involving the techniques and disciplines of an ever-expanding number of medical and paramedical specialists."

He said the claims man must have an extensive knowledge of lay medicine, be able to talk to doctors in their own language, be able to interpret medical reports and have a thorough knowledge of all medical and rehabilitation facilities in his territory. "And above all he must recognize his responsibility for service," he added.

Top Level Changes At Lumber Mutual

John H. Whorf, vice-president Lumber Mutual Fire, has been elected to the additional post of secretary to succeed Harold M. Goodwin. Mr. Goodwin and Sidney C. Blanchard, both senior directors of the company, have resigned the honorary position of senior director emeritus. The former has been with the company since 1929 and the latter since 1930.

National Bureau Rate, Manual, Form Changes On Boiler & Machinery

National Bureau has revised countrywide rules, rates and standard policy provisions for boiler and machinery effective May 31. The revision produces an over-all increase of 7.2% in the manual premium level, comprised of a 15.2% increase for direct damage coverage and a reduction of 10% for U&O.

The boiler and machinery manual has been completely revised for the first time since 1947. Among the more important changes is the revision in the blanket group plan, which has been broadened to extend coverage to all insured. In another change, the refrigerating and air conditioning rule has been revised to encompass modern

air conditioning systems.

The most important change in the new forms is the introduction of a single comprehensive definition of "accident" applicable to all insured objects. In the past the definition varied with the type of object.

GAB Names Tyne At Newark

General Adjustment Bureau has appointed Harold V. Tyne general adjuster at Newark. He joined GAB at Jersey City in 1946 and during recent years has handled the larger fire and inland marine adjustments in Newark.

Jaffe agency made the largest contribution to the Red Cross mobile blood bank's annual drive for donations from personnel in the New York insurance business.

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Pellmell Packaging Produces 'Gob Of Gook,' Wayne Says

(CONTINUED FROM PAGE 1)

approach in the manufacture of package policies, Mr. Wayne reiterated his organization's approval of no prior approval rate regulation. What puzzles him is why so many agents oppose the idea when "they should be fighting shoulder to shoulder with us." The change to no prior approval would benefit the public, the business, and supervision, he said.

Speaking for his companies, Mr. Wayne opposed liberalization of present surplus line legislation to permit easy and free export of insurance which belongs in the home market.

Philosophy Of Packages

Mr. Wayne said he long has cautioned the business to use moderation in the package policy field. This admonition is based upon the experience of many years in a part of the business that has continuously experimented with new ideas. Nothing has happened to make him feel more optimistic about the present race to dream up new packages and produce hundreds of

variations in conditions, perils, arrangements, and price. Of course, he conceded, inland marine underwriters started it all. But they approached each new one with caution and care. Their packages were undertaken and underwritten on an individual risk basis and never with the idea of replacing specific coverages overnight or entirely.

The lesson of the personal property floater, the largest premium producer of any inland class until it became part of the homeowners, is that mass production cannot profitably be combined with all risk coverage.

If, he said, there is magic in the indivisible premium concept, why the need for substantial and unsubstantiated rate cuts? Why shouldn't such packaged magic sell just as readily at a cost nearer the proved costs of its components?

If the present rush continues without check by sound and reasonable planning, Mr. Wayne sees the possibility of self destruction and insolvency. This could be attained quickly by

simply issuing a one paragraph indivisible premium policy that reads: "In consideration of the stipulated premium, John Doe and all members of his family permanently residing with him are insured for the period stated against any fortuitous loss of whatsoever nature of or to their property, real or personal, or resulting from damage or injury to person or property of others for which they may be held liable, excluding only loss arising out of a deliberate, willful or unlawful act of the persons insured."

Such a policy would still leave plenty of room for deviations, "a must these days," he said.

The package policy program of the past few years has not been unsuccessful, he conceded. However, much of its success is attributable to rate reductions and give-aways, now beginning to be reflected in the loss ratios. A basic feature of current programs is mass production with an almost complete sacrifice of underwriting. It is debatable if any new premium has been produced. The closer the package comes to all risk, the greater the need for underwriting selection and the more certain that mass production will lead to ruin, he declared.

But Mr. Wayne acknowledged that packaging in some form is here to stay. Also, a package of coverages probable can be sold for less than the total of all the premium for specific items separately sold.

Recommends Program

That being so, Mr. Wayne recommended a program. He suggested that the bureaus be asked to collaborate in preparing an all purpose basic policy which includes the general clauses common to most forms. Each of the many other policy forms would be transposed to rider format. Each rider, in addition to a description of the property insured and the premium, would contain only those clauses and conditions peculiar to the insurance provided for under the rider.

The bureaus then would set up a schedule of justifiable discounts for various combinations of coverage, distribution, and dispersal of risk—and perhaps even size of premium.

For coding and statistical purposes, he would have printed on each rider its appropriate classification code with space for insertion of a code to designate the percentage of discount allowed. With modern electronic equipment (and even without it) rating bureaus and statistical organizations could develop figures accurately reflecting all phases of the companies' underwriting operations and readily determine appropriate rate levels for separate classes of risks comprising the package. This also would permit ready determination of the soundness of the discount levels.

The resultant packages would be far less complicated than many of those now on the market and just as readily saleable, Mr. Wayne contended. If some such program is not tried soon on a cooperative basis, he predicted that one or more companies will in-

dependently try such a course. It would provide, among other things, a powerful weapon with which to combat any comprehensive fixed indivisible premium package when the time comes, "as it inevitably will, when the charge for the indivisible premium package will have to be actuarially sound."

Before Public Law 15

Before public law 15, Mr. Wayne recalled, IMUA promulgated and exercised supervision over forms, rates, and rules for most of the inland marine classes presently subject to rate filing requirements of state laws and presently within the purview of IMIB. IMUA conducted its activities in those years very much as IMIB would perform under a no prior approval law, he said. This was done to the general satisfaction of public, departments, and companies. Though there were no filing requirement in those years, it is significant that not more than five or six complaints were made to departments, and none of these was found meritorious after investigation.

Yet under present prior approval laws in 1959 IMIB made 20 filings, none of them was completely cleared by release date, only 11 were completely cleared by effective date, and eight filings in 16 states required a change in effective date. As of today, three of the filings are still not approved in three states. In 1960, he said, the record is much the same—16 filings, none cleared by release date, seven by effective date, seven in eight states requiring a change in date, and three in eight states not yet acted upon. No prior approval would save expense, time, and trouble for the business and the regulators, he asserted.

Buyers Are Illogical

As to surplus lines, at a meeting in Chicago recently buyers seriously advocated language that leaves it up to them to determine whether coverage in admitted insurers is reasonable as to terms and conditions, Mr. Wayne observed. No broader languages would be needed to legitimize every risk as surplus line. It should not be made impossible or unduly difficult for insured to complete his insurance requirements, he said. But no one should contend that an individual licensed by the state should be allowed to assist insured to obtain from non-admitted companies coverage which admitted insurers are not permitted to write or to write at rates lower than those the admitted insurer is required to charge under the rating laws of the state.

Many of the buyers of insurance who advocate the easy road to non-admitted markets themselves enjoy the advantages of tariffs designed to protect them against foreign competition, Mr. Wayne pointed out. Any advantages under surplus line laws or regulations must accrue to admitted companies. Conversely, he asserted, any disadvantages must lie against the foreign competitor.

Newly elected to the executive committee of IMIB for the term expiring in 1964 were E. M. Kelley of Hartford Fire, F. X. O'Leary of Employers Liability, John Rogers of Chubb & Son, P. W. Scheide of Phoenix of Hartford, and C. F. von Pechmann of Aetna Casualty. J. H. Glinnsman of Royal-Globe was elected to a vacancy for the term expiring in 1963.

Robert M. Van Leuven has purchased Metro General agencies of Oakland, Cal., from John Dubinske. Mr. Van Leuven will succeed Mr. Dubinske who is retiring after 41 years in insurance.

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N. Y. Agents' Meet Reflects Confused Era In Business

By JOHN N. COSGROVE

SYRACUSE—Fireworks expected to be touched off by a safe driver panel at the annual meeting here of New York State Assn. of Insurance Agents quietly fizzled out. The crowd of approximately 1,000, however, heard explosive comments on the Barrett-Russo bill, and crackling observations by Joseph L. Heyer, Rochester, president of Monroe County Association, and by John R. Barry, Corroon & Reynolds.

The agents chose Raymond A. Mutt, Newark, as president to carry forward the aggressive policies of the outgoing administration under Robert B. Douglass, Potsdam. Other new officers are George A. Kramer Jr., Williston Park, executive vice-president; Sidney Mang, Sidney, treasurer, and Arthur F. Blum, Rockaway Park, state national director. Mr. Blum succeeds Craig Thorn Jr., Hudson.

Smith Leads Discussion

K. O. Smith, general manager of New York Fire Insurance Rating Organization, led into the Barrett-Russo discussion. He pointed out that the public and institutional property filing made by his organization had been disapproved by the New York department in February. It was based on a reserve of 62.5% for losses and loss adjustment, and 31.5% for other expenses. NYFRO told the department that expenses were not allocated by class and that classified expense information in component parts was not available. Mr. Smith said he was sure the Barrett-Russo law was an important factor in the department's disapproval of the program now in effect in at least 42 other states. The New York department said 31.5% was inadequate.

Arthur L. Schwab, Staten Island, speaking later from the floor, said if the law defeated the filing, he was glad it was on the books. He indicated that if the 31.5% allowance were brought into line with expenses as revealed in practice in the preceding year, the filing would be approved. This would also obviate pinpointing commissions.

Heyer Tosses Sizzlers

Mr. Heyer tossed some sizzlers at the New York department and at Insurance Information Institute for the timing and tone of news releases announcing the safe driver plan. The releases went to newspapers, and the public read about the plan before the agents were informed of its details. He emphasized that it is the agent who gets the inquiries, not the bureau or the department itself to both of which the public is directed in the releases.

Admitting that his is an old complaint, since agents never get prior notice on rate matters, Mr. Heyer urged that the bungled procedure be improved. The association supported him by passing a resolution calling for conference with the department, the bureau and III to work out improved

methods for news releases on rate changes.

Mr. Barry once again championed the agents' cause. He has the habit of describing a situation in the business and then concluding his statement with the words: "And what have you got?" According to him, what the business "has got" is an insane scrimmage on a field without boundaries or effective rules.

The agent is the hapless football being booted up and down, and over the crossbars. Despite their plight as described by Mr. Barry, the New York agents had strength enough left to rebound to their feet in a standing ovation for him. His remarks were broadly publicized in the Syracuse papers which emphasized his attack on cut-rate insurers.

Two National Bureau men, William Leslie Jr., general manager, and William S. Gillam, research manager, were joined by Howard S. Omsberg, manager, and M. P. Anstey, assistant secretary, of National Automobile Underwriters Assn., on the safe driver panel. They offered to "field" any questions, but none turned out to be hot ones, the agents contenting themselves with technical queries on possible exceptions to the plan's rules.

Mr. Leslie volunteered an explanation of the question often asked on why the safe driver plan and the March rate rise were announced simultaneously. He said that rate increases were obtained in 1959 and 1960, and another was needed this year. If this had been obtained separately this year and applied to every driver, the better risks might have been driven to exclusive agency competition. This threat was tempered by combining the rate increase with the plan, so that safe drivers in most places pay less than they would have if the increase had been handled as in the past.

New Storms In Midwest To Cost \$5 Million More

(CONTINUED FROM PAGE 1)

at \$200; West Plains-Cabool, 450 claims at \$250; and Nevada, 1,200 claims at \$150.

Belleville, Ill., suffered wind and hail damage, amounting to \$330,000. There will probably be 2,200 losses averaging \$150 from this area. On Saturday, a storm hit Rantoul, Ill., producing \$700,000 damage. Some 3,500 losses, averaging \$200, are expected.

Other midwestern areas sustaining losses were Owensboro, Ky., and Evansville and Vincennes, Ind., from wind and hail, and Madisonville, Ky., which was hit by a tornado. No loss estimates have been received for these places yet.

Parts of north Texas and most of Arkansas and Oklahoma endured turbulent weather from May 4 to May 8 inclusive. There were intermittent and often overlapping alerts for severe tornado, wind or hail and each type of damage occurred.

Disrupted communications and muddy roads made accurate survey impossible, but it appeared that loss did not exceed \$1 million in one state at any one time.

In Texas, four towns were involved, with an estimated 500 losses and dollar loss of \$100,000. In Arkansas, 27 towns are expected to have 3,000 claims, for a total of \$1,050,000, and in 36 Oklahoma towns, there are an estimated 7,500 losses, totaling \$1,175,000.

Zurich has appointed Martin J. Klett supervising underwriter at Orange, N. J. He has been with Agricultural, Ohio Farmers, Maryland Casualty and Liberty Mutual.

PEIRCE TELLS HIA ANNUAL MEETING:

Federal A&S Bill Won't Spell An End To Voluntary Insurance

By WILLIAM MACFARLANE

NEW YORK—While firmly sticking to the health insurance industry's unequivocal opposition to the Kennedy administration's bill for medical care for the aged, Frederic M. Peirce, president of General American Life, this week boldly declared that should the bill become law it would not spell the end of voluntary health insurance in America.

In his speech at the annual meeting of Health Insurance Assn. of America here, Mr. Peirce took a somewhat different view of the effect the bill would have on voluntary health insurance than that of many other industry spokesmen, both here this week and on former occasions.

Mr. Peirce, sizing up a future which could include government health insurance for the aged, said that rather than an end, "I think it could be a beginning of a new beginning, depending on the degree of our alertness, our ingenuity, our aggressiveness—our will to be of service."

Explains Opposition

Mr. Peirce, in explaining his opposition to the administration bill, which would provide health care benefits through the social security system, said the program as now outlined was completely unrelated to the need of those eligible for social security. It is unnecessary, excessively costly and an unwarranted extension of the federal government into private business, he said.

However, he reminded his audience, when the social security system was first enacted in the 1930s, there were many harbingers of disaster within the insurance industry.

"There were respected leaders in the life insurance business who foresaw darkness and doom. But the life insurance business did not wither away. It grew stronger and larger," he said.

Mr. Peirce pointed out that since social security came into effect life insurance sales by U. S. companies have grown from \$12 billion annually to over \$75 billion and life insurance in force has risen from \$98 billion to almost \$600 billion.

"It is a record which provides a fitting analogy and a sound precedent upon which to base the expectation that the health insurance business will continue to grow and prosper despite the advent of government-provided health insurance, if that unwelcome development should come to pass," he stated.

Just as the life insurance industry devised coverages to supplement the subsistence level of protection of social

security, so will it become the health insurance industry's responsibility—and opportunity—to fill in the gaps and shortages, the "black-outs" and inadequacies in any government program, he predicted.

Loss of income coverage, Mr. Peirce said, is "a budding giant in our midst to whom we have given too little nourishment."

Noting that the country has a working force of 70 million people and only about 42 million have some form of disability income coverage, he said that this is an area where the greatest unmet, and perhaps greatest unrealized need of the American people for insurance exists today.

Mr. Peirce summed up his view this way: "I believe the horizon for health insurance is still bright with promise. Whether that promise is realized will depend on the imagination and effectiveness with which we devise and market simple, flexible methods and coverages that meet the new needs of the public. The next quarter century may well be the golden years of the health insurance industry. I believe it is within our power to make it so."

Thurman Named Trustee Of Louisville Agency


Cad P. Thurman, former state agent for Continental and twice insurance Commissioner of Kentucky, has been named trustee for the Karl E. Rothrock agency of Louisville. Mr. Rothrock has assigned his assets to Mr. Thurman.

Mr. Rothrock was recently placed under arrest, charged with having forged long term insurance contracts, and placed them on loans with the Louisville Trust Co. However, he had considerable other business which Mr. Thurman will endeavor to protect.

Mr. Rothrock at first refused to be bonded and said he would stay in jail as he was guilty and would like to get the ordeal over as soon as possible. But apparently he did not like jail, so he is out on bond. He represented about 19 companies, including Western Surety, American Home, Central Mutual of Van Wert, Hardware Mutual, C. T. Dent General Agency, Equity Mutual, Hoosier Casualty, Hartford Mutual, Home Mutual Fire of New York, Meridian Mutual, Mt. Joy Mutual, Pennsylvania Lumbermen's Mutual, Pennsylvania Millers Mutual, Reliance, Western Mutual of Des Moines, and Hamilton Mutual of Cincinnati.

David R. Martin & Associates, adjusters of Bradenton, Fla., have opened an office in Sarasota to handle Sarasota and DeSoto counties.

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Eyes Electronics In Present And Future

(CONTINUED FROM PAGE 6)

complete coverage and status on the risk—no lengthy search for the "daily."

The president of an Oklahoma insurer has installed an inquiry station in his office with a cable connected to the computer on the floor below. When visited by a general agent, the president keys the agency number, and a complete up-to-the-minute production and experience record for that agency is automatically typed out before the visitor's eyes.

A midwest company has voice-line connections with its 32 district offices. By means of terminal devices—in this case IBM Transceivers—transaction data is sent to and from the home office over ordinary telephone lines. This permits 24-hour service at any of the district offices. This kind of centralization can be achieved using telegraph, teletype, or dial-up lines. This also will mean a reduction in records to be kept at a district office for status report purposes. It is also apparent that dial-up connection could be made to an agency so that inquiry and transactions could flow via wire from there, and status and documents could return there for virtually immediate service. Today's agency with a punched card set-up could send and receive cards to and from many companies via a dial-up Transceiver.

Tele-processing — the transmission of computer data via common carrier facilities—in effect puts the computer and its electronic files at the disposal of every district office and agent.

Other research now under way might well stir the imagination of the insurance executive, Mr. Murphy said. This includes character recognition, now in its first commercial applica-

tions, where typewritten characters are read by machine; voice recognition, in which spoken numerals are the input to the computer, and which will turn a telephone into an inquiry station; and cryogenics, the study of materials and devices at extremely low temperatures to develop revolutionary advances in computer miniaturization and operating speeds.

The insurance business has learned to use the new electronic tool, and among future stimulating and challenging possibilities are these prospects:

1. Marketing, claims and management systems could be adapted to electronics.
2. Complex commercial coverage rates could be quoted to the prospect within minutes after data is phoned in.
3. Individual claims approval and remittance could be handled within minutes. A remote claims office would have immediate access to all policyholder records. A&S claims approval and allowances would be at the hospital within minutes after admission.
4. The agency record keeping could be integrated with the company's—or by dial-up with several companies.
5. A general agent's inquiries for up-to-the-minute production and performance records of his writing agents could be produced immediately.
6. The accounting system could become an information system.

Each possibility must be evaluated for advantage, for efficiency, or economy. But computers will not provide "enterprise." The agent must still find the risk and bring the insurance to it. The field force must still exercise

imagination, ingenuity, and enterprise for new markets and new services. Methods and planning groups must still develop and maintain the thousand-fold detail instructions for such total systems. Management must still exercise vision, judgment, and wisdom. An amazing new device is taking shape, but it is only a tool for the ingenuity and enterprise of the insurance man, Mr. Murphy concluded.

Airkem Makes Color Film To Aid Adjusting Practice

Airkem has produced a sound film-strip in color to show how its odor removal service provides a prompt and permanent solution when offensive odors threaten to complicate claims and adjustments after a fire or other loss.

The film entitled "The Nose—Friend or Foe?" depicts the type of noses that smell odors, exaggerate claims and complicate settlements. Based on actual case histories, it explains how agents and adjusters can "keep noses out of losses."

The film is available to insurance and adjustment companies and to professional or service organizations. Inquiries should be directed to Peter J. Hopkins, Airkem, 241 East 44th Street, New York 17, or to local Airkem representatives.

Industry Opposes A&S Legislation In Oklahoma

Companies writing A&S insurance in Oklahoma are making known their opposition to bills that have passed the senate and are now being heard in the house that would make all individual health policies non-cancellable except for non-payment of premiums and require all individual policies to contain a provision that the company cannot require as a condition of issue for renewal that the insured agree to an amendment denying or reducing coverage unless the amendment relates to a specific disease or specific condition for which insured has received treatment by a physician.

Local companies opposed the bills in the senate without success.

New Hampshire Appoints

New Hampshire has appointed Joseph P. Cassiano special agent for southern New Jersey with headquarters at Philadelphia. He is experienced as an underwriter, special agent and agency manager.

Saginaw Valley Adjusters Elect

Richard Craig, Citizens Mutual Auto, was elected president of Saginaw Valley (Mich.) Adjusters Assn. at the annual meeting May 2 at Bridgeport. Bernard J. Miklovic, Michigan Mutual Liability, is vice-president; Walter Bereznoff, Ohio Casualty, secretary, and William W. Burleson, Michigan Mutual Liability, treasurer.

M. J. Platford, director Bevington, Vaizey & Foster of London, is on a business trip in the United States visiting American correspondents. In Chicago he spent some time with Excess Underwriters. Mr. Platford will be in the U.S. and Canada about six months, maintaining his headquarters at the Bevington, Vaizey & Foster office at Montreal.

Laadt & Co., Chicago supervising agency, has been named Illinois managers for National American of Omaha.

Underwriters Study Unattended Laundries; Urge Precautions

(CONTINUED FROM PAGE 6)

scorch clothes or cause fires; lint accumulation may ignite; exhaust of vapors, fumes or lint may cause hazards to adjacent properties, and dry-cleaning units may emit flammable or toxic liquids or vapors.

All machines should be adequately grounded. Tamperproof thermostatic devices should be provided and checked regularly. All parts of lint-collecting mechanisms should be cleaned often enough to prevent hazardous accumulations. Consideration should be given to site selection and method of disposing of vapors, fumes and lint. Instructions should be posted regarding operation of all machinery. Adequate forced exhaust should be provided with provision for sufficient diffusion under unfavorable atmospheric conditions.

Perhaps most disturbing are the hazards that can result from misuse of equipment in unattended laundry centers. Instances have occurred of small children entering or being placed in unattended dryers. Older children have used the machines for a variant of the game "chicken," as played in hot rods. The teen-agers have been holding contests to see who can stay in a dryer the longest while it is in operation. These practices are especially alarming because many unattended dryers lack adequate thermostatic controls.

Fires in unattended laundromats have been reported as a result of persons mixing flammable solvents with wash in an effort to improve cleaning action. In addition to the specific remedies mentioned, the following general precautions should be observed:

—Unless local requirements are stringent, national codes should be followed.

—A competent, full-time attendant should be on hand when the center is open. If this is not possible, frequent supervisory and inspection services should be provided, preferably with police cooperation.

—Fire extinguishers should be provided and sprinkler systems installed.

—A sign should be posted giving the name and telephone of the laundromat operator to be called in an emergency.

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No Family Cover On Undeclared Auto

(CONTINUED FROM PAGE 2)

sured," with no requirement that it be described in the contract. He also pointed out that the basic policy contains specific references to an automobile described in it, while the family policy does not, and that this difference should mean something. Travelers argued that the combination of the statement in the declarations and the specific description of the Hillman should make it clear that Garver did not intend to insure the Nash and the insurer did not intend to cover it.

In his opinion, Judge McDowell seemed impressed by the fact that the expression "the owned automobile" is used in the insuring clause and in several other parts of the family policy instead of "an owned automobile." He agreed with Travelers' argument about intent and held there was no ambiguity which would justify a holding for coverage.

This decision will surprise many observers who have expected the family automobile policy to be treated like a comprehensive liability policy on private passenger and utility automobiles, with the insurer obligated to provide coverage on all eligible vehicles, declared or not. It has been widely believed that in a case such as this the insured would automatically owe a premium on any additional undeclared automobiles, the only alternative being the possibility of the insurance company getting the whole contract declared void for material misrepresentation. The Wise case may represent a middle ground position. This, of course, is academic, because the Hillman was not involved in any accident and it does not appear from the opinion that Travelers ever maintained that the policy was void as to that automobile.

Great American Promotes

Great American has promoted William G. Skul, special agent at Denver, to field supervisor there for Colorado and Wyoming, succeeding George A. Heavers, who has resigned to enter the local agency field.

Kemper Appoints Donovan

Kemper companies have named Gerard F. Donovan A&S specialist for the New England department at Boston. Before joining the Kemper organization, Mr. Donovan had been a general agent there.

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Eyes Representation Of One Insurer

A top executive of a leading agency company has commented on the possibility of agents representing one company instead of several or many insurers in the future. His views are synopsised below.

If an agent's philosophy is to ascertain and understand the needs of those he serves and to act as if their interest were his own, he will be required throughout his career to decide from time to time, on the strength of the needs of those whom he serves, whether or not one company or several are adequate for the purpose.

From the foregoing it will be evident that I am placing the needs of clients ahead of the special interests or purposes of any particular company or companies. It seems quite clear that an increasing number of companies are similarly reappraising their respective philosophies and are making adaptations in their services to meet customer needs. If, perchance, the philosophies of the creators of the product (the company) and the distributor of the product (the agent) are identical, and if both of them have properly appraised the needs of insured, then it seems to me it is self-evident that the representation of one company by one agent would follow.

Different Markets

It has been repeatedly said that our present economy consists substantially (perhaps as high as 80%) of people who work for someone else; that these people own a relatively uniform type, kind and amount of property—a home, a car or two, some sports equipment, and other personal possessions; that they are exposed to loss of time and property; that a part of these insurance needs are already being served by the government and fringe employment benefits; and that with respect to additional insurance needs, relatively standard packages can be prepared and provided on a utility type payment basis.

It is not beyond reason to believe that protection for such needs can be supplied by a minimum of two kinds of insurance organizations—multiple line and life, or vice versa, life and multiple line. Ultimately, I anticipate that underwriting-powers laws will be changed so that these same basic needs can be supplied by one corporate entity. If the agent's philosophy, then, is such that he chooses to work in the area of personal lines, it will be a most unusual circumstance which will require more than one or two companies to represent.

For the remaining population (roughly 20%), the needs of protection are so varied or diverse that I do not yet see the possibility of a single

insurance organization becoming capable of supplying all of them. I anticipate also that as we discover further complexities in the economy, we shall also come forward with insurer specialists, such as we already have in the boiler and machinery field and, in part, in the workmen's compensation field. I think it is a foregone conclusion that no insurance company can be all things to all men. By the same token, I question whether it is possible for a single agent to be all things to all prospects.

Deplores False Issues

The same basic philosophy suggested above would, I should hope, be adopted by those agents who choose to serve the 20% group. To these I would assume that a broad representation of companies would be indispensable, and the number of companies would be based upon the range of the clientele being served by the producer.

I do not believe merits or demerits can be claimed for the situation I have tried to outline. I think instead that these are economic facts, to which each of us must adapt or perish. The emphasis of our interest and concern should be upon the people to be served rather than upon those who propose to provide the service.

In my judgment, a tremendous amount of valuable energy is being wasted today in talking about the wrong things—interference with expirations, promotion of special policies, and gimmicks of one type or another, which befuddle the public, instead of making substantial contributions to their basic interests. We must have a substantially greater desire for excellence in the work we are doing than is presently visible as one examines a cross-section of companies and producers. Such excellence will not be evidenced by self-interest but rather by interest in those being served.

Other Comments

If this summary appears to be too idealistic, I agree, but without some unattainable idea of perfection, little or no progress is made toward the solution of the confusion and frustration which is presently endemic throughout the business.

I have two collateral comments—for neither of which do I claim originality:

1. It has long been my belief that neither company nor agent is entitled to suggest insurance (the transfer of risk) until other remedies for the risk problem have been explored with each client. Fortunately, these other remedies are becoming increasingly popular and effective. I refer to the elimination, the reduction or the assumption of risk as preludes to a decision to

Callahan Named V-P Of National Union

National Union has elected John P. Callahan vice-president. He joined the company in 1957 as an assistant vice-president and has been active in supervision of fire underwriting activities. He will continue in this capacity.

Before joining National Union, Mr. Callahan was with Phoenix of Hartford.

Fougner In Reader's Digest

Arne Fougner, president Christiania General, has an article in the May issue of Reader's Digest entitled For Auto Accident Victims—A New Kind of Insurance. The article concerns rehabilitation of automobile accident victims by insurance companies.

"For every million dollars spent for rehabilitation," says Mr. Fougner, "the insurance business stands to save as much as \$100 million in reduced claims. These savings can be passed on to the policyholder in the form of lower premiums."

transfer. The talent required to diagnose risk and suggest alternative ways of dealing with it is rapidly finding itself in a respected professional status and without the benefits of any legislation or licensing.

2. Personal problems, risk-wise, encompass finances, law and accounting. I visualize an extension of service to clients beyond the single transfer of risk idea.

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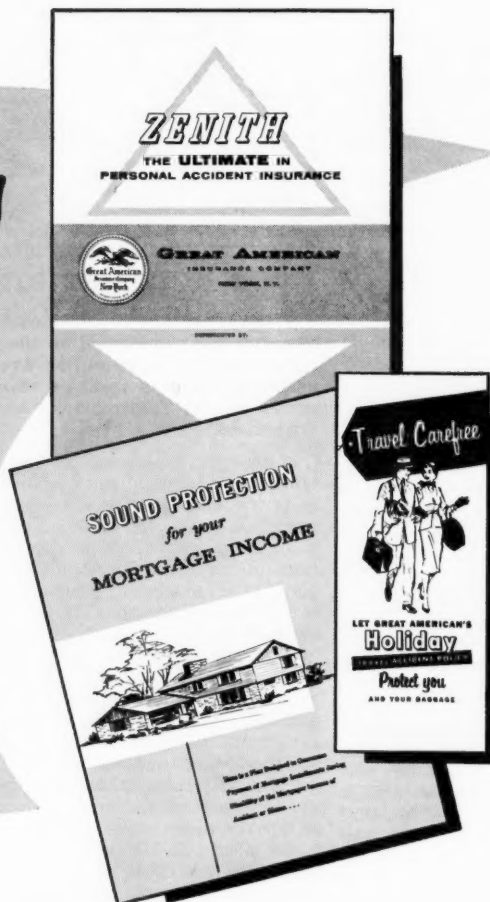
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